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# THE CREDIT WORLD

*The Official Organ of the*  
**RETAIL CREDIT MEN'S  
NATIONAL ASSOCIATION**  
*Incorporated*



Our New President  
**E. B. HELLER**  
Equitable Bldg., Saint Louis

VOLUME XV  
NUMBER I



SEPTEMBER  
1926

*In This Issue—First Installment of Reports and  
Addresses of the Fourteenth National Convention*



FOUNDED 1883

**WINEGAR'S**  
DIVISION AVE. AT CHERRY ST.  
HOMES FURNISHED COMPLETE



Grand Rapids, Mich.

April 12, 1926.

**"Our decision in favor of the Remington was a wise one."**



"**W**E have been using a Remington Accounting Machine for the past five years, and have been highly pleased with results," says Mr. John F. Charles, Secretary and Treasurer of the Winegar Furniture Company, Grand Rapids, Mich. "Previous to the time we put this machine in our office, we investigated carefully the different machines on the market, and have decided that our decision in favor of the Remington was a wise one."

"We have found it most satisfactory in our particular line of work, as we are able

to keep a salesman's record, an accurate record of departmental sales for five different departments, and also a record showing discount allowed at time of purchase. We have had very few repairs, and have found that the cost of maintenance is very low, which makes the machine very economical to operate.

"We try to be very progres-

sive and keep up with all modern conveniences for the office, but in the writer's opinion we have found no machine that satisfies our needs for this work better than the machine we are now using. We can highly recommend the Remington."

This is but another instance of the complete adaptability of Remington Bookkeeping Machines to every requirement of any line of retail business.

It will pay you to investigate. A demonstration on your own work is yours for the asking. Consult our nearest office.

REMINGTON TYPEWRITER COMPANY

Bookkeeping Machine Department

374 Broadway

New York

Branches Everywhere

STATE OF OHIO

**Remington**  
BOOKKEEPING MACHINE

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# Your Association Offers A Proven Collection System

## A New Record For the 4-Point System—\$1347.52 Collected from 75 Accounts!

Here's a letter that, with its accompanying adding machine slip, tells the story of 4-Point effectiveness in terms of dollars and cents: Twenty-seven out of seventy-five accounts—NEARLY FIFTY PER CENT—paid in full; eighteen more made partial payments; four more made promises to pay; and the total amount collected (see letter) was \$1,347.52!

### Successful Everywhere

This is not by any means an exceptional case. We have on file in the National Office letters from every part of the Country giving concrete evidence of the astounding collecting power of the 4-point System. Right in your own state—probably in your own city—we can point to a successful user.

### That's Why We Can Say: Try It At Our Risk

Buy it. Use it—according to instructions—on 100 old accounts. If it doesn't collect at least \$10.00 for you, we'll refund the purchase price!

### Price \$10.00 Postpaid

### Order It Now—You Can't Lose

P. S. During the eight months we have been making this offer not a single System has been returned.

## Retail Credit Men's National Association

Equitable Bldg.

St. Louis

### Use this coupon

Retail Credit Men's National Ass'n  
Equitable Building, St. Louis, Mo.

Enter my order for one complete R. C. M. N. A. 4-Point Collection System. Send bill for \$10.00 to the address below.

I agree to use the system according to instruction—on 100 accounts. If it fails to collect at least \$10.00 you are to refund purchase price.

Name \_\_\_\_\_

Title \_\_\_\_\_

Firm Name \_\_\_\_\_

Street Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_

**THE BROWN-DUNKIN D.G.C.**  
NEW YORK OFFICE 100 WEST 100 STREET  
TULSA, OKLA.  
May 5th 1926

Mr. D. J. Woodlock, Secretary,  
Retail Credit Men's National Ass'n.,  
Equitable Bldg.,  
St. Louis, Mo.

Dear Mr. Woodlock:

In reply to your request, we are giving you below a report on the results obtained from the 4-Point Collection letters as our records show them to date:

1200	#1 Letters mailed April 14th - - - - - 75
2235	Accounts paid in full - - - - - 27
4500	"    partially paid - - - - - 18
1831	"    promises to pay - - - - - 4
1800	Adjustments made - - - - - 1
2500	Letters returned (incorrect addresses) 4
500	"    ignored - - - - - 20
2000	Customers pinched for bootlegging - - - 1
850	
3500	#2 Letters mailed April 26th - - - - - 10
1145	Accounts paid in full - - - - - 2
300	Amount collected to date - - - \$1,347.52.
1810	
1000	The writer thinks that the above
1498	record shows that we wisely invested our \$10.00
2000	and heartily recommend the 4-point service to
9000	any member considering its use.
9214	
2000	Sincerely yours,
4276	THE BROWN DUNKIN DRY GOODS CO.
5647	Marion A. Lile
1200	Department of Accounts
1800	
1805	
1157	
1160	
1610	
700	
2500	
3364	
7198	
1800	
1000	
4037	
21250	
1541	
2336	
2450	
1000	
1174	
250	
1500	
3034	
1157	
500	
4671	
5170	
5000	

1,347.52

### What It Contains

1. One hundred No. 1 Letters, informing the debtor that his account has been reported to the National Association as unpaid and suggesting that he pay you—WITHIN TEN DAYS. All the letters are arranged so you can fill in your own name and address and a postscript instructs the debtor to make all payments DIRECT TO YOU.
2. Seventy-five No. 2 Letters. This letter demands immediate action from your debtor.
3. Fifty No. 3 Letters. No. 3 is a definite final notice that unless your account is paid in ten days, our attorneys will take action to collect your account.
4. Fifty Collection Forwarding Blanks. On these blanks you are to send to us (OR TO YOUR LOCAL BUREAU IF YOU PREFER) detailed information on such accounts as the letters fail to collect. These we immediately forward to our bureau in your locality (if we have one) or to our nearest bonded attorney who will make collection on the usual collection fee basis.

### Other Material

A complete instruction sheet is included with every system. Also, a valuable appendix, chock-full of important information, "Things the Credit Man Should Know." A complete digest of the laws of the various states, covering bankruptcy, garnishments, mortgages, judgments, exemptions, etc.

A convenient, easily accessible display of all forms commonly used in credit and collection procedure—including standard application blanks, lease or conditional sale contracts, chattel mortgages, bankruptcy "proof of debt" forms, etc.

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# THE CREDIT WORLD

*Official Organ of the*



RETAIL CREDIT MEN'S NATIONAL ASSOCIATION

Issued Monthly

DAVID J. WOODLOCK, *Editor*

Subscription: \$5.00 Per Year

Executive Offices, Equitable Building, St. Louis, Mo.

Entered as Second Class Matter, November 4, 1916, at Post Office at St. Louis, Mo., Under Act of March 3, 1879

## EDITORIAL

### *Los Angeles—We Thank You!*

THE resolution of thanks to the Retail Credit Men's Association of Los Angeles, which was passed by the Convention, was only a mild expression of the feelings of your Officers and Directors who, because of their experience with many Conventions, realize the enormous amount of labor and mental energy required to make a National meeting a success. The thousand-and-one details in connection with hotel arrangements, registration, entertainment, banquet, exhibits, entertaining the visiting ladies, etc., are problems requiring careful planning and twenty-four-hours-a-day work.

The Retail Credit Men's Association of Los Angeles made good in every department. Not a single complaint has been registered with the

National Office. We compliment you, Los Angeles, we admire your ability and energy! You can now relax and rest awhile with the satisfaction that comes of doing big things—and doing them well.

To your General Chairman, Mr. L. M. Crosthwaite, and to each of your Committee Chairmen as well as every member of your Association, we say "Thank You" from truly appreciative hearts and to Mrs. L. M. Crosthwaite and Mrs. W. W. Weir we add the particular "Thanks" of the ladies, who were looked after in truly wonderful fashion.

The memories of the pleasant and profitable hours spent in your wonderful city will stand as an inspiration to future Convention Committees.

*David J. Woodlock*



# The Secretary's Page

## Fourteenth Annual Convention Passes Into History

The Fourteenth Annual Convention of the R. C. M. N. A. has passed into history and over 800 delegates have returned to their homes, each with a fond recollection of a great Convention from both an educational and entertaining viewpoint.

President Watson's idea of limiting the number of set speeches and devoting more time to open forum discussion appealed to the delegates and made every moment of the sessions interesting. From the opening session on Tuesday when Mr. H. Victor Wright, a Past President of the Association, asked the Divine blessing, until the newly-elected President dropped the gavel, there was not a dull moment.

The proceedings will be published in this and subsequent issues of the Credit World, and will be well worth reading and saving.

\*\*\*\*\*

## Our New President

For the first time in our history we have as President a retail merchant and store owner. Mr. E. B. Heller has, for years, been engaged in the retail clothing business and brings to the office a knowledge of merchandising as well as credit. Because of his intense interest in our Association and its progress, he has attended every National Convention and many state and regional conferences. As a result he is familiar with every angle of Association activity. His pleasing personality has made for him thousands of friends and even those who disagree with him in the politics of the Association recognize him as a "square shooter."

Mr. Heller was born in Virginia, lived several years in Washington, D. C., then moved to Illinois where he studied law and was admitted to the bar, but never practiced.

For the past twenty years he has lived in St. Louis. His family consists of his wife and son; the latter, who is 19 years of age, is a student at the University of Illinois. Mr. Heller served as President of the St. Louis Local Association and Vice President of the National body. Is a member of the Masonic and Elk lodges. During his leisure moments Mr. Heller finds great pleasure in the study of magic and is a magician of more than ordinary talent, being a member of both the American and British Magician's Societies.

## The Election

The slate presented by the Nominating Committee was the choice of the Convention without one dissenting vote, and the Board of Directors at the Post-Convention meeting selected Mr. D. J. Woodlock as Secretary-Treasurer.

In the election of Directors, Oklahoma had a strong candidate in Mr. Frank A. Whitten of Oklahoma City. He made a lasting impression upon the delegates as a man of great ability and strong personality, but when it became evident that a Director could not be elected from each of the states of Oklahoma and Kansas, Mr. Whitten withdrew in favor of Mr. Puckett of Wichita, Kansas.

\*\*\*\*\*

The report of the credentials committee showed 9208 votes represented in person or by proxy, and this entire number were cast for the following officers and Directors, making their election unanimous.

President—E. B. Heller, St. Louis, Mo.

1st Vice-President—Leop. L. Meyer, Houston, Texas.

2nd Vice-President—J. R. Hewitt, Baltimore, Md.

### Directors 3 years

R. P. Crawford, Baton Rouge, La.

Ed. J. Dollard, San Francisco, Cal.

Chas. Martin, Springfield, Mass.

Mr. Chas. L. Graden of Portland was elected to fill the unexpired term of Mr. Hewitt, two years.

Frank E. Parker, Detroit, Mich.

Ray J. Puckett, Wichita, Kan.

Service Division representatives on Board of Directors (1 year):

Stephen H. Talkes—Washington, D. C., J. R. Truesdale—St. Louis, Mo.

\*\*\*\*\*

## Our First Vice President—

Mr. Leopold L. Meyer of Houston, Texas, is a member of the firm of Foley Brothers Dry Goods Company and supervises the credits of that concern. He is live and aggressive, an excellent orator and has been an active leader in our Association since our convention in Houston.

Serving as Director and Second Vice President, he was responsible for the great membership increase in Texas, and as Chairman of both our Educational and Publicity Committee and Group Conferences made a record. He is a bachelor.

## "Credit Where Credit is Due"

Because we believe they deserve public recognition for the wonderful way in which they handled the Convention, we are publishing below a complete list of the Chairmen of the various Convention Committees of the Retail Credit Men's Association of Los Angeles. To each and every one of them we extend, on behalf of the National Association, our sincere thanks and hearty congratulations:

### Convention

L. M. CROSTHWAITE, *Chairman*

J. H. VAN DE WATER

BEN H. FERRIS

### Reporting Bureau

J. B. SCULLIN

### Reception

J. W. LEWIS

### Registration

SAM KAWIN

### Hotel

W. W. WEIR

### Program

W. W. MILLER

### Entertainment

S. E. EDGERTON

### Transportation

P. H. LESLIE

### Banquet

E. K. BARTLETT

### Office Equipment

C. E. LONGFELLOW

### Credit Forms

G. C. LAWRENCE

### Publicity

RUTH STERRY

### Hostess

MRS. L. M. CROSTHWAITE

### Wholesale Credit Men

A. D. KINNE

### Secretary

WALDEN F. MULLER

### Bankers

JOHN B. CONNORS

### Badges and Decorations

R. A. COOK

### Convention Manager

ALFRED PLOUGH

\*\*\*\*\*

## The Group Conference

All delegates found the Group Meetings very interesting and educational. The Convention hall was so large that all groups were easily accommodated under one roof, without interfering with each other.



FRANK BATTY

### Convention Sidelights

John M. Connolly, the only delegate from New York City, had a big job on his hands as he not only represented the metropolis, but also held the proxy of National Director Powell. He was on the job when anything of importance was going on.

\*\*\*\*\*

Mr. A. D. McMullen, of Oklahoma City, who completed his term as National Director, has held office and been an active worker in Association affairs for many years. Mac is Secretary of the Associated Retailers of Oklahoma City and has made that organization one of the outstanding Merchants' Associations of the country. His spare moments are devoted to boosting the R. C. M. N. A. and the charitable work of the Lions Club.

\*\*\*\*\*

### Our Second Vice President

Mr. James R. Hewitt, better known as "Dick" Hewitt, is Credit Manager of The Hub, Baltimore, and has long been a leader in our Association, serving as Director, Second Vice President, member of Finance Committee and member of Co-operation Committee.

In Baltimore he is known as the "Perpetual President," having served the Retail Credit Men of that city in the capacity of President ever since the organization of the local, eight years ago. He lives in Baltimore with his wife and five children.

\*\*\*\*\*

### Hostess to the Ladies

Mrs. Weir, (right) as Chairman of the Hostess Committee, arranged a bridge tea in the patio of the Hotel, a luncheon at the Women's Athletic Club and auto tours for the pleasure of the women delegates.

## San Francisco Retail Credit Men Entertain Delegates

Second only in importance to the Convention itself was the entertainment furnished by the Retail Credit Men of San Francisco. Over two hundred delegates were met at the dock by a delegation headed by Local President Frank Batty, National Director E. J. Dollard, and that live-wire, aggressive manager of the Association, R. S. Martin.

The visitors were placed in automobiles and, escorted by a corps of traffic officers mounted on motorcycles, were rushed to the hotel where reservations had been made. At noon a delightful luncheon was served on the roof, followed by an auto drive ending forty miles from the city where, in a valley between towering mountains, a wonderful barbecue was served. The food was cooked in barbecue pots in the ground and served by Spanish waiters in native costumes, while a band of Spanish singers and musicians rendered native and classical selections.

Returning to the city about 8 P. M., the entire party was taken to the Hall of Justice where a short talk was given explaining the methods of smuggling opium and the habits of the Chinese, after which twelve detectives escorted the delegates through Chinatown. In the party were President Heller, Past Presidents Watson, Snider and Blackstone and Managing Director Woodlock. All were loud in their praise of the hospitality of the San Francisco Retail Credit Association.



MRS. W. W. WEIR  
5260 No. Hermosa Ave.,  
Los Angeles, Cal.



R. S. MARTIN

### Past President Watson

With the election of Mr. Heller, President R. W. Watson becomes our Junior Past President and as such holds office as a Director for one year.

Mr. Watson has the distinction of having spent more time in the actual work of the Association than any other President during his term of office. He traveled 25,000 miles and made hosts of friends.

Beginning his administration with the idea of creating a definite Association policy he carried his message to every member and closed his term with a report containing a vision of our possibilities, a definite programme and suggestions for carrying it to a successful conclusion. Mr. Watson's administration was a success from the usual standards of membership increase and finances, but we predict future administrations will look upon his outstanding achievement as the development of a definite association policy and the unification of systems and methods.

Mr. Watson should have the thanks of our entire membership for the time and thought he has so unselfishly given to our Association affairs. His counsel and advice will be of great value to the new administration.

### "The Snoozer"

One of the interesting features of the Convention was "The Snoozer," a miniature daily paper published by the Oklahoma City Delegation. Attractive and well printed, "The Snoozer" had as one of its main features a "personal items" page that carried a real wallop.

This is not its first appearance. It was a feature of National Conventions for five years (1919-23), but had been allowed to "snooze" for a couple of years. We congratulate "The Snoozer" on its reappearance! Elsewhere in this issue will be found extracts from some of the issues.



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# THE CREDIT WORLD

September, 1926



## "Less Talk—More Performance!"

*A Message from Your New President*

The adoption of this as my slogan is no reflection upon past administrations, but rather to carry out the thought that organization and co-operation constitute the foundation of success—the success of our National, our Locals and the Credit Service Exchange Division.

Without organization there is no coming together, no exchanging of ideas—hence no performance. Organization alone will not accomplish our hopes nor the great possibilities that await this association, for we can meet and talk until doomsday without success. There must exist a spirit of co-operation on the part of the organizers, a determination to put their thoughts and ideas into concrete form and action. In other words, there must be *"Less talk and more performance."*

Those men and women who are loyal and intensely interested in the National Association and its affiliated departments, the Credit Service Exchange Division and the Local Associations, must not simply talk their loyalty—they must perform, must do things; only by doing things will we succeed in accomplishing the high ideals for which we are striving.

Webster's definition of "performance": *"A doing or carrying out of any work,"* fittingly applies to the work which was mapped out for us by that little band of credit men who met some fourteen years ago and organized the Retail Credit Men's National Association. They had the vision, they anticipated the needs of both the merchant and credit manager, they "cut out our work," and the very least we, who are profiting by their wisdom and forethought, can do is to make it our duty to carry out that work so they can see their fond hopes realized.

Before passing on to the work we must perform—let us keep before us this thought: *"Performance talks—but talk does not always perform."*

Our great task, the one upon which this Association rests, the only one

which will carry us on to the point where we will be recognized by the retail mercantile world as the greatest and the most important organization in the country, is SERVICE.

This must, of necessity be an unselfish service—a service both to the merchant and the purchasing public! In our very delicate position of credit arbiters, we must be so sure of our position that we will not impair the great selling force created by credit granting nor discredit in any manner the worthy credit seeker.

How best can we equip ourselves to perform this dual role? There is but one logical answer. Develop strength—in reasoning powers. Strength—in being well fitted for our duty. Strength—in commanding and being able to assemble the thoughts and ideas of our craft. Strength in organization and co-operation and above all—**STRENGTH IN NUMBERS.**

It will be the policy of this administration to build. Not alone for today but for the future. To build a structure great enough and grand enough to reflect glory upon those few original organizers who sowed the seed fourteen years ago and upon the loyal band who will, I feel confident, bend every effort today to assist in the building, "for to build is the noblest art of arts."

This is not a one-man organization and I doubt very seriously if there is one man in our association who can, single-handed, accomplish the desired results. Each and every member has an important part to play, has work to perform, and only through the performance of this work by each individual member, can this administration hope to succeed.

Every retail credit-granting merchant in this country needs the service this association renders. This association needs the co-operation of every retail credit-granting merchant. Those of us who are now enjoying the benefits of this service—must sell it to the merchants and credit managers who, unfortunately,

have not been permitted to partake of the benefits of the service rendered by the organization.

Just stop and think what a wonderful association ours would be if each one of our present members would secure *just one new member.* When you consider the number, the great number of merchants who are bitterly in need of your help and your co-operation, how can you deny it to them? Your reluctance in soliciting their membership is equal to denying them that which you so fondly cherish, the service which stands for better and safer credit granting.

Members of our Credit Service Exchange Division—much is desired from you, much is expected of you. Your membership of thousands who are still outside the breastworks of the National Association should be enrolled under the banner of **"BETTER SERVICE BY CLOSER CO-OPERATION."**

Building local associations from the subscribers of your bureaus improves credit conditions in your cities, improves the relationships existing among your local merchants and permits you to render to your subscribers and the Service Division at large, a better and more reliable service.

I wish to take this opportunity to thank the members of the Retail Credit Men's National Association for the great honor they have bestowed upon me by electing me to the highest office in their gift. I also wish to thank those who have already pledged me their moral and physical support during my administration. In conclusion, if the support is forthcoming, if we all line up under the slogan **"LESS TALK AND MORE PERFORMANCE,"** this will be the most successful year in the Association's history.

*E. J. Heelen*



# Newly Elected Officers and



*President*  
**E. B. HELLER**  
Equitable Bldg.  
St. Louis, Mo.



*First Vice-President (One Year)*  
**LEOP. L. MEYER**  
Credit Manager  
Foley Bros. D. G. Co.  
Houston, Texas



**J. R. HEWITT**  
*Second Vice-President*  
Credit Manager  
The Hub  
Baltimore, Maryland



*Director (One Year)*  
**R. W. WATSON**  
Credit Manager  
Spokane & Eastern Trust Co.  
Spokane, Washington



*Director (Three Years)*  
**CHAS. J. MARTIN**  
Credit Manager  
Chas. E. Lynch Co.  
Springfield, Mass.



*Director (One Year)*  
**STEPHEN H. TALKES**  
Secretary-Treasurer  
Associated Retail Credit Men  
Washington, D. C.



*Above*  
*Secretary-Treasurer*  
**DAVID J. WOODLOCK**  
Equitable Bldg.  
St. Louis, Mo.



*Left*  
Mr. Hewitt, who was confined to his room with a lumbago attack, being congratulated on his election as Vice-President.  
*At Bedside:* E. B. Heller, L. L. Meyer, R. W. Watson and D. J. Woodlock.

Presid  
Heller.



# s and Directors, 1926-27



*Director (Three Years)*  
**R. P. CRAWFORD**  
Secretary-Manager  
Retail Merchants Credit Ass'n  
Baton Rouge, La.



*Director (Two Years)*  
**CHAS. L. GRADEN**  
Credit Manager  
H. Liebes & Co.  
Portland, Oregon



*Director (Three Years)*  
**FRANK E. PARKER**  
Vice-President & General Manager  
Merchants Credit Bureau, Inc.  
Detroit, Michigan



*Director (One Year)*  
**J. R. TRUESDALE**  
Equitable Bldg.  
St. Louis, Mo.



*Director (Three Years)*  
**EDWARD J. DOLLARD**  
Secretary  
O'Connor Moffatt Co.  
San Francisco, Calif.



*Above*  
*Director (Three Years)*  
**RAY J. PUCKETT**  
Credit Manager  
Allen W. Hinkel Co.  
Wichita, Kans.



*Right*  
President Watson congratulates President  
Heller. Los Angeles, August 13, 1926.

# Report of the First Day's Proceedings of the Fourteenth Annual Convention

Lack of space prevents our giving a complete stenographic report of the Convention proceedings. We will, however, in this issue and the October and November numbers, give the most important speeches and the discussions in the Open Forum. This present report includes the proceedings of the first day:

Promptly at 9:30 A. M. on August 10, President Ralph W. Watson rapped his gavel and called to order the Fourteenth Annual Convention of the Retail Credit Men's National Association in the Fiesta Room of the Ambassador Hotel, Los Angeles, California, about 800 members being present.

Followed, singing by the Choral Club of the Broadway Department Store and Invocation by Past President H. Victor Wright.

Hon. Boyles Workman, President of the City Council of Los Angeles, delivered an address of welcome which was responded to by Vice President Leopold L. Meyer of Houston, Texas.

Following Mr. Meyer's address President Watson read his report which is reprinted on page 9 of this issue.

Secretary-Treasurer D. J. Woodlock then made his report which was printed in full in the August issue of the Credit World as was also the report of Mr. J. R. Truesdale, Secretary of the Service Division, who made his report following Mr. Woodlock.

President Watson then announced the appointment of the following committees:

## BY-LAWS COMMITTEE

Vice-President E. B. Heller, Chairman.  
W. H. Gray, Cleveland, Ohio.  
W. C. Slotsky, Sioux City, Iowa.  
Frank Batty, San Francisco, Cal.  
H. A. Marsh, Minneapolis, Minn.

## CREDENTIALS COMMITTEE

L. T. Byrne, St. Louis, Chairman.  
Miss Mary Hetzell, Akron, Ohio.  
Dean Ashby, Davenport, Iowa.  
Leo Karpeles, Birmingham, Ala.  
Ben Foote, Denver, Colo.  
John Millany, St. Paul, Minn.

## RESOLUTIONS COMMITTEE

Fred Thompson, Minneapolis, Chairman.  
E. W. Knapp, Cincinnati, Ohio.  
B. W. Donahue, Toledo, Ohio.  
Russell Fish, Denver, Colo.  
Max Lange, San Antonio, Texas.

## Membership representation at National Convention:

Delegates attending ..... 769  
Votes represented by proxies and local association credentials ..... 9208  
States represented ..... 34

## NOMINATING COMMITTEE

Past President W. T. Snider, Chairman.  
John A. Lawo, Memphis (Past President).  
R. E. Westberg, Seattle, Wash.  
Harry S. Dooley, Boston, Mass.  
C. E. Wagoner, Wichita, Kansas.  
R. V. Chaffee, Detroit, Mich.  
John M. Connolly, New York.  
Frank Batty, San Francisco.  
Stephen A. Talkes, Washington, D. C.  
Nelson Munger, Houston.

Then followed an address "CREDIT SENSE," by Samuel J. Crow, President Associated Retail Credit Men, San Diego, California. (See page 13.)

Following Mr. Crow's address, Mr. J. R. Hewitt of Baltimore presented the report of the Finance Committee.

Next, an address even better than its title, "NEW WINE FOR OLD BOTTLES," by E. Gamlen, Credit Manager, Frank Werner Shoe Co., San Francisco, California. (See page 19.)

Followed another address, a keen analysis of one of your big problems, "THE RELATION OF THE VOLUME OF ACCOUNTS RECEIVABLE TO AVAILABLE CAPITAL," by R. V. Chaffee, Credit Manager, Ernst Kern Company, Detroit, Michigan. (See page 21.)

Following Mr. Chaffee's address, Secretary Woodlock conducted an

Open Forum discussion which brought thirty or forty delegates to their feet and proved very instructive.

Next, an address on an important subject, in which the author adds the views of ten other leading credit authorities:

"DOES A LENIENT POLICY THAT RESULTS IN LOW PERCENTAGE OF COLLECTIONS AND A HIGH BAD DEBT LOSS PRODUCE AN INCREASED VOLUME OF CHARGE BUSINESS AND IF SO, IS THE INCREASE SUFFICIENT TO MAKE SUCH A POLICY ADVISABLE?", by George A. Lawo, Secretary-Treasurer, John Gerber Company, Memphis, Tennessee.

The open forum discussion on Mr. Lawo's subject was conducted by President Watson and it was unanimously voted to instruct the Resolutions Committee to prepare a resolution endorsing Mr. Lawo's stand on this subject. (Mr. Lawo's address is reproduced on page 23.)

And last for the day but not least by any means:

"WHAT ITEMS MAKE UP THE COST OF OPERATING A CREDIT DEPARTMENT AND WHAT CAN BE DONE TOWARD STANDARDIZING THEM," by A. S. Jacobs, Credit Manager, Peoples Dry Goods Co., El Paso, Texas.

Editor's Note.—For lack of space Mr. Jacob's article is held over for the October issue.

## Providence Gets 1927 Convention

Persistency wins! After extending invitations for seven successive years, Providence captured the Convention, which will be held during the second week of August, 1927.

Twenty-one cities presented claims, the most aggressive being St. Louis, Lexington, Ky., and Providence. It was the irrepressible persistency of Mr. Nelson Street, Secretary of the Providence Association that finally conquered all opposition and the members of the St. Louis delegation, who had their hearts set on having the next meeting, were a unit in congratulating Mr. Street upon his victory. In fact, arrangements are already being made for the St. Louis Special Train to Providence.

## Report of Retiring President

Ralph W. Watson

Credit Manager, Spokane & Eastern Trust Co., Spokane, Wash.

It is now appropriate that your president review his term of office; that he analyze our activities and suggest ways and means of future progress, as his ability permits.

Realizing that my term is almost over, the first thought is of my debt and of the Association's debt, to the many individuals, firms, and associations that have rendered special service during the year. Time available is too little to now mention all who are deserving, or to indulge in details, but of some I must bear public witness.

Among the first to come to mind is Vice-President Heller who has loyally devoted himself to the policy of this administration and as chairman of our membership activities has distinguished himself with much hard and intelligent work. Also Vice-President Meyer, in charge of publicity and work of education, who has contributed his usual fiery enthusiasm and his conspicuous ability with accomplishment of unusually satisfactory results. For the Association and for myself I thank them both from the bottom of my heart.

All of the directors have contributed to whatever success the year has developed. Some have had better opportunity than others. For the Association and for myself I thank them all—but I feel I must especially mention the accomplishments of Directors Gray and Driver of Cleveland, Sparks of Cincinnati, Hewitt of Baltimore, Gimar of Des Moines, Willis of Chicago, McMullen of Oklahoma City, Funk of Minneapolis, and Crosthwaite of Los Angeles. Gray and Driver devoted themselves untiringly to making successful my work in Ohio, while Gray has served with credit to himself and to the Association as the executive of the Credit Service Exchange Division. Sparks, moving from Detroit to Cincinnati, has in only a few months contributed to the successful formation of an affiliated local there, that bids fair to soon give the National the representative membership we should have in that city. Hewitt has tirelessly worked on the Finance Committee and otherwise has contributed much to our success. Gimar has been a prime mover in making Des Moines 100% National with a membership far greater than the average city of its size. Willis has brought better understanding and harmony between the National and the

credit men of Chicago. The membership there has increased and future progress is certain. Funk was instrumental in developing the Regional Conference held in February in Duluth, certain to result in National development in that important section. McMullen in addition to creditable performance of his work as a director has done very notable work for the Service Division, bringing Oklahoma to the largest membership in the Division of any state. Crosthwaite tirelessly devoted himself to the success of my tour of Southern California last October, and has since helped me and the Association. As General Chairman of the Committees that have arranged this Convention, we owe him credit for the splendid organization of our hosts that will unfold accommodations and entertainment during this Convention, never excelled if ever equalled.

The Finance Committee, composed of Past President Blandford, of Boston, Director Hewitt of Baltimore, and Walter Strickland of New York has had more work than even the Executive Committee, and has performed with promptness and efficiency in the best interests of the Association. It is a pleas-

ure to thus bear witness and extend our thanks to these three gentlemen.

All of the members of the Executive Committee deserve recognition. There has been no shirking and much constructive work was accomplished with entire harmony. All the members of the Board of Control of the Service Division have served faithfully and intelligently, meeting their problems with foresight and wisdom.

For Secretaries Woodlock and Truesdale it is hard to say enough. Both have been tireless. Both have given always their best. They both hold warm places in the hearts of every member. To both of them we owe our Association's thanks, and I want to add my personal thanks for their co-operation help throughout the year. Conscientious to a fault, Mr. Woodlock refused to take a vacation because the preceding year his illness had kept him at home for some time although I urged him repeatedly to accept the Board's invitation to take the customary time off.

Here let us pause to pay tribute and express our appreciation to a firm that has during the year contributed to our work more than we are apt to realize; perhaps more than they realize them-



*They set the Stage for the Convention*

*Left—D. J. Woodlock, Managing Director of the National Ass'n.*

*Right—J. H. Van de Water, General Manager Retail Credit Ass'n of Los Angeles*



selves. The Spokane and Eastern Trust Company, my employers, have throughout the year given me free rein to serve the Association. When so requested by the Executive Committee they granted me six months leave of absence for Association work, to be taken as and when the Association needed me. Best of all, the Bank's President, Mr. R. L. Rutter, in granting it, did it not as a boon or as a favor, but as the Bank's contribution to the success of the Association. "I think you ought to go" said Mr. Rutter and I went, not as on a vacation, but to work for the Association that had honored and trusted me.

In rendering to you this report it would be pleasant and easy to pat everyone on the back and tell you how prosperous and rosy everything was. Indeed, we are comparatively prosperous, and our prospects are rosy. But that is not the proper role I think. Rather my task to analyze and tear to pieces that we may see our own faults and weaknesses. Otherwise we shall fail of the understanding necessary to accomplishment. I have no criticisms to make—everyone has done his best—but there are some weak spots I would strengthen, some services I would improve, some new activities I would have the Association undertake. Of such accomplishment as the year has produced, I shall let others remark.

We must always measure our past performance or our plans for the future largely by the condition of our bank account. Again we come to Convention time with resources for the coming year greater than were available for the past. This past year after allowance had been made for the expenses necessary to administration, we had remaining \$13,500 with which to carry on our educational, publicity, research, membership and other new work. With the membership increased by 1,500 during the year and no further allowances necessary for retiring our certificates of indebtedness, we should have close to \$25,000 available for the coming year for the same and other activities. It will be necessary to plan carefully, but there will be money enough this coming year for real accomplishment as a genuine service organization. The past three years have demonstrated that our present system of budgeting the year's activities on the basis of the past year's income, under the supervision of a competent Finance Committee is a safe system and I feel we should henceforth enjoy the use of a sum annually increasing, for real service to our membership. *It is no longer necessary nor advisable to expend every extra dollar for out and out membership getting.*

Yet we must never forget that we either grow or we die. We never stand still. Lack of membership gain is sure sign of decay and decline. Every new member adds a dollar or two to our funds available for definite service; one additional brain to help solve our problems; and one more vote to eliminate or amend or pass legislation. We need every dollar, we need every brain, and we need every vote. It is the personal duty of every member to bring into the Association his fellow merchant or credit man who can both give and gain from National membership.

The past fourteen months have produced the enrollment of perhaps the largest new membership in our history but also the largest cancellation so that we enter this Convention with a net gain of 1581 since the Minneapolis Convention. The wholesale organization (N. A. C. M.) had also a heavy cancellation last year with a net gain of but eighty-one. Hence I feel less keenly our failure to realize a larger net gain. Such results as have been achieved are the result of the hard work of a host of us, especially Mr. Heller, who was membership chairman this year; Mr. Meyer, and Mr. Woodlock. Your President conducted a personal membership campaign through the bureau secretaries that required more than three thousand letters. My recommendations regarding membership work for next year are included in other recommendations to come later herein.

I cannot help worrying about these cancellations. For every four new members we enrolled, nearly three old members resigned, a total of about 20% of our entire membership. A striking fact is that approximately 80% of the cancellations came from cities with affiliated local associations. Our efforts to learn the reasons have invariably been met with the statement that the cancellations are due to local conditions. That the Local lost them—hence the National must lose them too. I cannot believe that twenty per cent of the firms holding National membership a year ago, have gone out of business, consolidated with other firms, or have quit the extension of credit. I wonder if the true reason for this heavy loss to both the National and to the various locals, does not result from lack of constructive activity on the part of the various local associations? None of your officers have been able to get anyone to blame the National—so perhaps our locals need study that their activities may be stimulated to greater usefulness to their members.

1. Therefore I recommend that the National Office develop definite information about the conduct of our various

locals, that the useful activities of any one may be called to the attention of all of the others, and the opportunity thus given to increase the usefulness of all. This would also greatly help the development of new local associations that may be organized.

Without discounting at all any other work Mr. Woodlock has done this past year, his outstanding achievement, to me, has been the improvement in Credit World. More and more, under his editorship, our official organ becomes a readable, authoritative publication in a field only touched by itself. Yet Credit World will be even more successful when we can enlarge it a bit and devote more space to the credit problems of the small merchant, who, after all, makes up and increasingly will, the membership of our organization.

2. Therefore, I recommend that during the coming year provision be made for increasing the size of Credit World by four or eight pages, the extra space to be devoted principally to the credit problems of the small merchant.

The consolidation of the general offices of the Association proper and of the Service Division of the Association has made possible the rendering of much greater service of a specific nature to the members of both. However, the work of the two organizations is still largely separated in execution. A notable example is the accounting—a considerable task in both organizations. Moreover, the finances are kept separate; generally there is a lack of co-ordination in the work. This condition does not indicate any lack of harmony. On the contrary complete harmony seems to prevail, and the lack of co-ordination is merely the result of conditions that prevailed when the consolidation was effected. But the days of experimentation are over. The consolidation is a fact that no one would change who has the welfare of either organization at heart. The closer the Service Division has come to the Association the faster and more useful the Division has grown.

3. Therefore I recommend that the finances of the division be merged with the finances of the Association and budgeted by the Finance Committee of the Association, said Finance Committee to include fair and responsible representation from the ranks of the Division; I recommend that all the funds derived from dues or otherwise, directly from the division, be used in carrying on and extending the service of the Division. I recommend that the accounting in both organizations be centralized and duplication eliminated in every respect as far as possible, thus making for both economy and efficiency.



The various services rendered direct to our members by the National Office are increasingly finding favor among our membership. I recommend their continuance and extension as our means and the occasion warrants.

As I traveled about during the year, my understanding of, and respect for, our Service Division constantly grew. I now have the opinion that no matter what the Association does to help the Division, it will still not be enough. Scientific extension of retail credit is absolutely dependent on good credit reporting. Good reporting is not all that is necessary for scientific credit extension, but given every other needed development, we must still have good reporting. Nor am I heaving brickbats at anybody when I say we do not yet in general enjoy good reporting, and this conclusion is shared by many leaders of the Division. The very idea of retail credit reporting is new, and is not fully understood by either the average bureau manager, nor by the merchant he serves. The result is that the average bureau is under-financed, the manager thereof is under-paid, and is not fully efficient. The merchant only uses the service half as much as he should, or less. Yet be it

here said—and I am both proud and humiliated to say it—as a rule the bureau man is thinking in advance of the merchant he serves. It is not merely the task of the Division to raise the standard of reporting. As a whole Association we must help improve it, first by educating the merchant to use and support his bureau; second by teaching the bureau man to furnish a better service. Note that the first of the two tasks is the Association's task—our task. Let us each develop within ourselves some personal responsibility in this matter. Let us not ourselves be guilty of a niggardly policy toward the bureau that serves us. Let us use it and support it in full measure, and encourage our fellow merchant to do likewise.

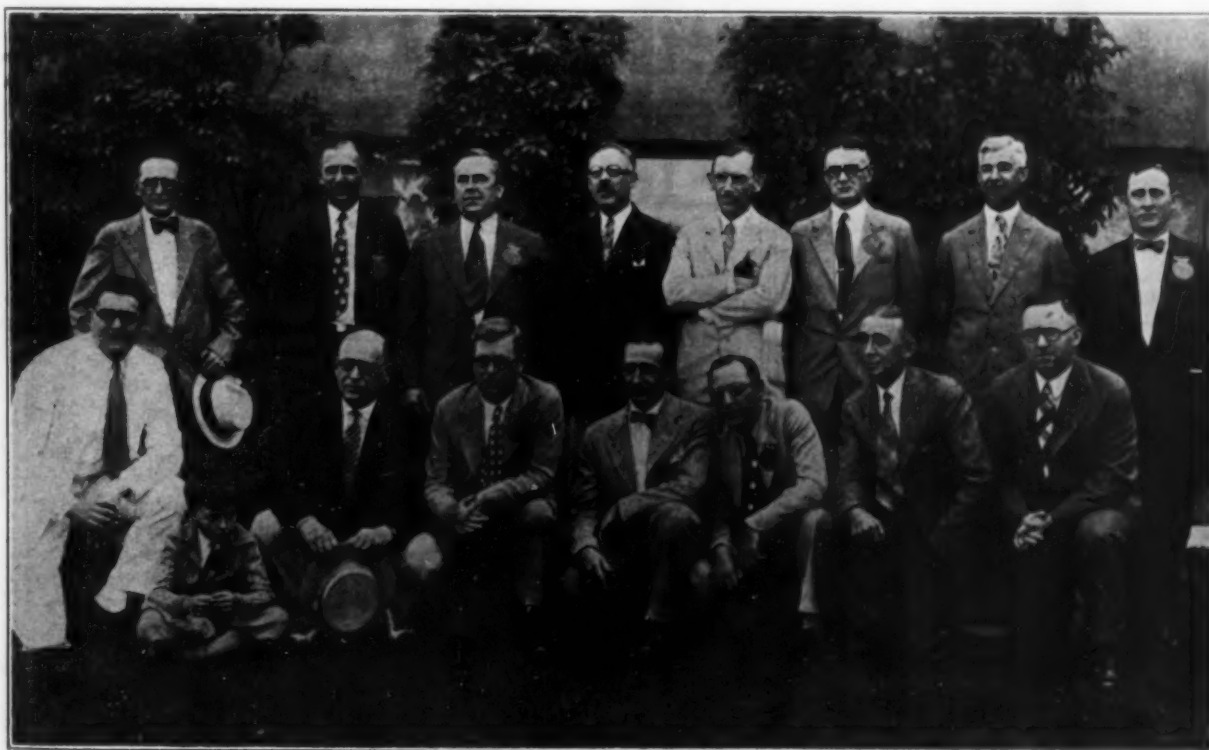
The second task is the Division's, and the Credit Service Exchange Division as an organization is the ideal medium for carrying it out, nor is there even a hint of another organization of a general character with a ghost of a chance of accomplishing anything worth while in that direction. During the year past the Division has developed a truly representative membership, having gained in number from 471 to 721. Only a few cities of appreciable size re-

main unrepresented therein. Too, its membership is generally alive to the benefits of membership in the organization, and is anxious to raise the standard of service rendered to the American merchant.

But this very growth has developed a situation needing immediate remedy. The average cost the past year of serving a member of the Division was \$26.22, but the average income per member considerably less. Moreover, we find the new members more in need of educational service than are the old. Meanwhile annually, for the past two years, the National has appropriated to the Division \$5,000 in cash, free rent, part service of some of its employees, and \$1,000-odd worth of office equipment.

I recommend that the Association continue to appropriate annually \$5000 or \$7500 if need be and free rent, and that the Division increase its own dues to as high a point as it feels it can afford, so that the Division budget for the coming year may be at least \$10,000 greater than for the past year. That a high-class bureau expert be employed by the Division for field work, which

(Continued on Page 27.)



MEMBERS BOARD OF DIRECTORS

Los Angeles, August 9, 1926

Top Row—Left to right: Crosthwaite, Goldschmid, Connolly (proxy), Hewitt, Truesdale, McMullen, Reed, Blackstone.  
Bottom: Karpeles, Heller, Woodlock, Watson, Meyer, Starr (proxy), Gimar.

## The Service Division Meeting

### New Board of Control

Stephen H. Talkes, Washington, D. C., was elected chairman; A. D. McMullen, Oklahoma City, vice-chairman; J. R. Truesdale, St. Louis, Mo., secretary-treasurer. Directors for two-year terms are J. H. Van De Water, Los Angeles, Calif., and J. E. R. Chilton, Jr., Dallas, Texas. Directors for one-year term are W. V. Trammell, Birmingham, Ala., and A. C. Moreau, Hartford, Conn.

It was decided that directors will be elected for a term of two years hereafter. On the expiration of those serving one year in office, all terms thereafter will be for two years.

### Dues Increased

The plan adopted by the Convention increasing Service dues provides that the \$6 membership be raised to \$10. All others are increased 50 per cent. The increase in dues becomes effective October 1, 1926.

The new schedule, including National dues, is as follows:

500,000 and over .....	\$105.00
200,000 to 500,000 .....	55.00
100,000 to 200,000 .....	40.00
25,000 to 100,000 .....	30.00
10,000 to 25,000 .....	20.00
5,000 to 10,000 .....	12.50
Under 5,000 .....	10.00

### Auto Finance

Tentative plans for organizing and developing a nation-wide auto finance reporting business was approved.

A questionnaire will be issued about September 15th to members of the Service Department. A complete survey and study of the present standing of local services in auto finance reporting will be made, also a study as to jurisdiction.

### Three-day Service Convention

In response to the general feeling that a day and one-half session is inadequate, the Convention passed a resolution calling for three-day sessions. The Board of Control is developing plans to have the first days' session divided into four groups, according to population. For instance, cities under 10,000 population are not interested in subjects concerning phone turrets, etc. They have problems entirely different from the larger city Bureau.

### California Now First in the Division

The California State Association presented Stephen Talkes, newly-elected chairman, with twelve applications, thus giving California sixty Service members.

### Board of Arbitration

An important decision was to create a Board of Arbitration under whose jurisdiction will come the settlement of all disputes. This board will be appointed by Chairman Talkes.

### Bureau Field Secretary

The Board of Control was authorized to employ a Field Secretary to organize new Associations and Bureaus and to assist affiliated Bureaus.

### Credit-Education Boosts Collections

During the past two years members have used millions of our Credit-Education Inserts. Many users report noticeable improvements in credit conditions after having used these little "educators" consistently.

An ounce of credit-education is worth a pound of collection effort. Write National Office for samples.

### Wm. H. J. Taylor Retires

Mr. Wm. H. J. Taylor who for many years has been Credit Manager of Franklin Simon and Company, New York, has retired from active business.

Mr. Taylor has been in poor health for some time and when he suffered a nervous breakdown in the Spring, the Franklin Simon Company in appreciation of his faithful work in developing their credit business, which is one of the largest in the country, retired Mr. Taylor on a pension.

Mr. Taylor has always been a loyal member of the National Association and was elected President of the National Association in 1917. He was one of the founders of the New York Association and first President of that organization. He is looked upon as the Dean of Credit Grantors and his advice and counsel were considered the last word in credit wisdom.

### Position Wanted

Capable business woman, formerly Credit Manager for large retail store in city of 200,000 population, desires position with future. Also experienced Bookkeeper, Secretary-Stenographer. Gilt-edge reference.

—E. C.  
% Credit World  
St. Louis

## Florida Florida Florida

### Credit Men—Credit Bureaus, Anywhere in the United States:

If you have information on skips or undesirable credit risks who have left your home town for Florida, supply the necessary information to us and we will endeavor to locate them for you and if found will notify you through your nearest Credit Bureau, as to the party's location and his line of business in Florida.

*The Associated Credit Bureaus of Florida*  
Secretary's Office  
P.O. Box 193  
Orlando, Florida

## "Credit Sense"

By Samuel J. Crow

President Associated Retail Credit Men, San Diego, Cal.

Address Delivered at Fourteenth Annual Convention of The R. C. M. N. A., Los Angeles, August 10, 1926

We are, in a way, victims of circumstances over which we have no control or, at best, but slight influence. Surely we are living in an age marked by the rapidity of its changes; everything, according to the dictates of these times, must change, styles, fashions, manners, travel, communication, business methods, everything changes continuously. The amendment to the National Bankruptcy Law, approved by act of Congress, May 27, 1926, making the sixth change in our national laws governing bankruptcy cases in the last decade, proves this.

What is absolutely right and the proper thing for today is discarded and thrown away for something new tomorrow. It need not be, and I fear in too many cases is not, a change for the better. We do not ask ourselves the question, "Will this change better us and our conditions?" We simply change, we have to, for everyone else changes, and if we do not and if we will not change with them, then we must step aside and out of their way.

Isn't it wonderful to get the right view of a thing. If any of you gentlemen do not believe the truth of these statements, just try walking down the main street of one of our modern cities in your high water trousers of two short seasons ago. Talk about your thrills! You'll get them, I know, for I am forced, at times, to still wear mine. We no longer walk or drive a horse from town to town, but fly at will over land and sea, nor do we rush important messages—when life or death or peace or war are at stake—by special messengers on trusty steeds from California to New York. No, we send our messages by wireless and receive our answers in less time than our grandfather's worthy messenger took to saddle his mount. We spoil a good ten or twelve months' outing for him, perhaps, and rob history of an interesting story or two of Indians that bit the dust, etc. But anyway, we save his horse, and that is something, even if we say nothing at all about the year's time we save.

In business, shells and beads are worthless now; you could not trade them for a song but cash is still accepted in rare cases where it is voluntarily offered.

Credit is the order for business in this day, and over eighty per cent of all business transacted in the world uses it.

No longer can we doubt the truth that we are living in the credit age. What does this credit age mean to us? Nothing, perhaps, but stop the flow of credit and picture, if you can, the financial catastrophe that would follow. If the present flow of credit were to cease, it would be impossible for us to support our large population and, in a very short while, with the crumbling of financial and mercantile enterprises, there would be found distress throughout the land. The credit age, therefore, signifies that commerce has become the outstanding feature in the support of society, and that a commerce large enough to sustain our people must be carried on through credit channels.

If it is a fact—and it has been accepted as such—that credit forms the basis for over eighty per cent of all business transacted today, then credit must exist as a tangible element and is the medium of exchange used in every business transaction where only a promise to pay is given in exchange for things of value, and the sense that controls the acts of those entrusted with the responsibility of handling this exchange medium is —CREDIT SENSE.

There are those who have been so completely occupied in executing their multiplicity of daily duties that they have not discovered that this sense, which is peculiar only to the granting of credit, actually exists, and they do not know they possess it. To them, and to all persons dealing with present day credits, this address contains a message, for there is nothing of more vital importance to those who pass on credit than the knowledge that they possess this sense. Your business is the intelligent passing of credit, and unless you know you possess this sense and can find ways of properly training it to assist you in your work, you cannot hope to maintain your present position as manager of credits, nor can you successfully continue to supervise them.

Credit sense, then, is that element in a business transaction based on credit, which controls the acts of the credit man; and because it is a definite ele-

ment, differing in purpose and being from all other elements of the transaction, it can be separated from them and easily defined. Credit sense is only one of the many offsprings of credit, and we cannot understand it unless we first fully understand what credit is, and how important is the place held by it in the business world of today.

Three basic elements, God, man and material things, are all the elements necessary for the Creator of this universe to accomplish every purpose for which He created it, and one or more of these elements must be present in everything that transpires in this universe. In the beginning, God created the Heavens and the Earth, that is, all things, including man, and although He created man in His own image, yet He did not give man the power to create anything.

Now, here is the point: Man is a builder and not a creator. Man assembles the materials created by God and builds from them that which he desires; Nations, states, cities, armies, navies, business enterprises, everything. From the dawn of the first day, man began to build for his posterity as we in our turn are building for ours. The truth of this statement will impress you as you look over the wonders of this magnificent convention city.

But unlike our ancient forefathers, we are living in an age when our needs for today, of certain things, seemingly are greater than our supply, and we are confronted with the all important but unsolved problem of how to increase this supply for our uses now.

The past is dead and gone and holds no hopes for us, but the future promises wonderful possibilities, provided we can find a way to lift the veil that separates us from it. I have said our needs, today, seemingly are greater than our supply, and this is true, but we are responsible for this condition, for we are trying to anticipate the needs of our posterity a hundred years hence, and we are using material that belongs to this generation to build for them.

Not the slightest trace of success has ever rewarded our efforts to roll aside the curtain that separates us from the future, and I seriously doubt if mortal



man is ever permitted to succeed in such an undertaking, but we have discovered and are using an agency by which we are able to borrow from the future that which we hope to find hidden there, and that agency or element, as I call it and as you know it, is credit.

What think you, then, of this element called CREDIT? In effect, is it not an act of borrowing from the future? Certainly, that is what it is. We have ten dollars and we want an article for which one hundred dollars is asked; we offer our ten dollars and a promise to pay the balance from our earnings of the future, in order to get immediate possession of the thing we desire. The act of accepting this offer, which is representative of the practice, is the act of passing credit. In simpler words, credit is a mortgage on our earning powers of the future. The extent to which these mortgages can safely be accepted in exchange for merchandise or other things of trade can only be determined by relying on a special sense trained for this particular purpose, and this is none other than CREDIT SENSE.

Credit is a human invention based on belief, and, when applied to business transactions, is always used as the medium of exchange. In this respect, however, it does not have any existence until the completion of a transaction whereby a thing of value passes from the possession of another person upon an agreement for its return or the return of one person to the possession of something of equal value at some future date.

When the actual exchange takes place, the intangible thing becomes real. Credit is established and takes its place as a definite element in the transaction. Without belief, there can be no credit, for how can one man trust another if he does not believe in him? Credit, therefore, is a belief that a thing of value delivered into the possession of another person will be returned either in kind or value. And credit sense is that element in the transaction which causes the seller to believe in the character, capacity and capital of the buyer.

Primitive man conducted his trade only in barter, a narrow-minded, eye-for-an-eye and tooth-for-a-tooth policy, based on ignorance, hatred and mistrust. They employed no medium of exchange, and because they did not believe or trust each other, credit was unknown. Then, it is said they used shells and beads as the first medium of exchange. They accepted these shells and beads in exchange for things of utility, because they believed they could exchange them in turn for other things of utility, and this act of accepting a common value of exchange was the first step in establishing credit.

As confidence grew and as trade developed, it became necessary to create a new medium of exchange, and gold and silver took the place of shells and beads, and they were accepted because men believed they could exchange them for any commodity they might desire. Later, currency supplemented gold and silver, and modern business placed its confidence and faith in it, and just so long as we believe in currency it will pass at its face value.

Men have accepted those mediums of exchange because they believed they could, at will, exchange them for other things of utility, and the moment this belief is destroyed, there is no value in the medium of exchange so affected, be it shells, beads, gold, silver, currency or any other thing. A good example of this destroyed faith can be found in the currency of European nations of recent years.

Now, we have arrived at a time when we are accepting a new medium of exchange, vastly different in form and application from any heretofore employed—Credit. Capitalized faith in humanity, that is our new medium of exchange. Slowly but surely are the far-reaching possibilities of this, the most wonderful invention of the human mind, being revealed to us, and slowly but surely are we reaching out and grasping these possibilities as they are re-

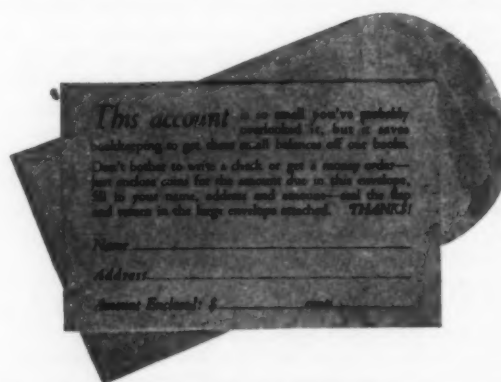
vealed. And who can say where the end shall be, or who can see the ultimate workings of this greatest of all business builders, the limits of which are only confined to the extreme extent to which the human mind is capable of conceiving? And who can say that it will not, in time, supplant all other mediums of exchange?

Credit in business, of course, is not new, for it has been in use in one form or another for thousands of years; but credit, as a medium of exchange, is new, and only in its infancy, but it is here and we are dealing with it as a fact and not as a theory. It has crept upon us so slowly that we have hardly realized its presence, but if any man doubts its force, let him cut out all credit and demand the cash before the goods leave the house.

Upon you, credit men and women, you humble keepers of books of only yesterday, has been forced the greatest trust and the greatest responsibility that has ever yet been forced upon a man, for yours is the task of understanding, applying, protecting and developing this rapidly growing giant, this new medium of exchange of modern trade.

History always repeats itself, and just so surely as men have changed their mediums of exchange in the past, just

(Continued on Page 29.)



## Collect Small Balances With Small Expense

Here's an inexpensive method for the collection of small balances. You know how costly and exasperating those small balances are! "Too small," the customer thinks, "too much bother to write a check for a few cents."

So you have to send statement after statement—your bookkeepers have to

carry these small balances over month after month—until the cost of collection exceeds their value!

Make it easy for your customers to pay small amounts—send one of these reminder-envelopes with each small balance statement and eliminate collection worry.

Price \$4.75 per 1000

Order from the National Office



# "New Wine—Old Bottles"

By E. Gamlen

Credit Manager, Frank Werner Shoe Co., San Francisco, Cal.

Address Delivered at Fourteenth Annual Convention of The R. C. M. N. A., Los Angeles, August 10, 1926

I believe the vast majority of the delegates present here today are of the opinion that the time has arrived, in the history of the Retail Credit Men's National Association, when definite steps should be taken to establish retail credit granting as a legalized profession, and that this profession shall set up a high educational and ethical standard and that power be obtained to grant certificates and confer degrees. I am convinced that credit men throughout this country have been thinking this for a long time. I am merely echoing the thoughts of their own hearts. From the Atlantic to the Pacific, from the North to the South, there is, beyond question, unity of thought on this point.

In the June issue of "Credit World" there is a digest of an address delivered in the month of May by Mr. Edward Thompson, of Brooklyn, on the subject of "Credit—Is it a Profession"? Almost simultaneously with the delivery of Mr. Thompson's address, there was an address delivered in San Francisco, under the title of "More on a Code of Ethics," and in this address it was suggested that the Associated Retail Credit Men of San Francisco immediately take steps to establish retail credit granting as a legalized profession.

As a result of this San Francisco address, I am present here today on behalf of the Association to submit the suggestions to you for your earnest consideration and approval.

If I may use a figure of speech, credit may be likened unto the grape. It has been squeezed and pressed in the wine-press of retail business, and the liquid essence of credit, when exposed to the air, has set up a fermentation in your minds. It was thinking of this inward working, this clarifying process of thought on the subject of credit that determined the first half of the title of my address—New Wine—and inasmuch as credit has been a stimulant to retail business, so will the idea of making retail credit granting a profession stimulate the hearts of credit men everywhere.

My purpose, today, is not to discuss whether credit granting is or is not a profession, but to suggest that we proceed to make it a legalized profession. That which makes a trade or calling a profession is when it requires expert knowledge and skill for its operation. It

is the application of the fundamental laws and principles to the problems that come within its scope. It involves expert knowledge of those laws and principles and expert skill in the application of that knowledge. The term is usually applied to branches of learning, for instance—law, medicine, teaching, accountancy and so on, as distinguished from trades or callings that require physical labor, and it is the custom of professional men to keep their knowledge and skill at a constantly changing high level. This is done through interchange of thought and experience, by conferences, articles written and orally expressed, and by experimentation.

It is absolutely essential then, if credit granting is to be established as a profession that a definite educational standard shall be fixed. It is this knowledge, this standard of education, when acquired, that gives a man his professional standing.

Men are not born with professional knowledge, it is acquired as a result of years of patient study and experience. A doctor goes to school for seven or eight years and, then, if he meets the requirements of the Medical Board, he gets his diploma or receives his degree. You go to a doctor because of his acquired knowledge and skill. No matter how fine a man might be, you would not trust him to perform an operation if he did not possess the requisite expert knowledge and skill that earned for him his professional standing.

For the same reason, you entrust your case at court to an attorney, a man of professional standing. In like manner shall a legalized credit profession give you your professional standing. For knowledge is power and power commands respect.

Many times you have been told of the knowledge a credit man should have, but it may stand repeating. He should know how to extend credit; have a working knowledge of accounting, at least so that he could read and understand a balance sheet; he should know law insofar as it relates to credit and collections; correspondence, and a fair knowledge of the way in which the human mind acts. I do not know of any branch of the retail business that requires such a high standard of requirements; but it is the man who

knows, who commands positions of responsibility.

Some credit men complain of not having a place on the executive boards of their firms, but they are chiefly to blame. If they have not the requisite knowledge of business generally, and the ability to think through the boss's particular problems, what right have they on the executive boards? Why should the boss trust you with the problems of his business if you are not equipped to handle them? How can any business man do so and retain the respect of his own intelligence? On the area covered by your knowledge will depend the height to which you will rise.

N. P. Willis said, "He who binds his soul to knowledge steals the keys of heaven." It (knowledge) unlocks the treasure house of the universe and reveals the mysteries that have been hidden through the ages. It is the power that turns water into wine and makes the barren land blossom as the rose.

But this credit profession will not be handed to you on a silver platter. It rests with you whether it shall be a profession or not. Your salvation is in your own hands. The credit man must save himself. Who made the medical profession, may I ask? Who made the legal profession? Who made the accounting profession? And who will make credit granting a profession, but the credit man himself?

Sometimes, I marvel at the apathy and indifference of men when questions arise affecting their own interests. They look around expecting someone else to do things for them, everything is too much of an effort. It requires brains, it requires knowledge and it requires enthusiasm to get things done, and the creation of a retail credit profession will be no exception to the rule.

As much importance attaches to how a thing is done as to the actual accomplishment of the thing itself. Emerson said, "Nothing great or noble ever came into this world without enthusiasm." Enthusiasm is the spirit that brings the sparkle to your eye, causes the blood to course through your veins and produces a determination that takes possession of your soul. It is a burning zeal to accomplish some definite purpose. That which is more than hope, more than inspiration, is enthusiasm.

(Continued on Page 20.)

# Stores Everywhere re National Charge P

## ALABAMA

Erlick & Lefkovits.....Bessemer  
J. Blach & Sons.....Birmingham  
Loveman, Joseph & Loeb..Birmingham  
C. J. Gayfer Co.....Mobile

## ARIZONA

Frankenberg Bros. & Newman...Bisbee  
The Boston Store.....Phoenix  
Korrick's Dry Goods Co.....Phoenix  
Albert Steinfeld & Co.....Tucson

## ARKANSAS

Bertig Stores Co.....Blytheville  
Boston Store Dry Goods Co...Ft. Smith  
Pfeifer Bros.....Little Rock  
The Froug Co., Inc.....Pine Bluff  
R. J. O'Dwyer.....Texarkana

## CALIFORNIA

Hochheimer & Co.....Bakersfield  
A. Weill.....Bakersfield  
Roos Bros., Inc.....Berkeley  
Daly Bros.....Eureka  
J. F. Hink & Son Co.....Eureka  
E. Gottschalk & Co.....Fresno  
Radin & Kamp.....Fresno  
Roos Bros.....Fresno  
H. S. Webb Co.....Glendale  
Buffum's.....Long Beach  
Broadway Dept. Store...Los Angeles  
Desmond's.....Los Angeles  
Eastman Kodak Co.....Los Angeles  
Hertel's.....Los Angeles  
Jacoby Bros.....Los Angeles  
J. W. Robinson Co.....Los Angeles  
Southern California Music Co....  
.....Los Angeles  
Ville de Paris (B. H. Dyas Co.)  
.....Los Angeles  
Walker's, Inc.....Los Angeles  
C. H. Wolfelt & Co.....Los Angeles

The G. P. Schafer Co.....Modesto  
Turner Hardware Co.....Modesto  
S. H. Brake Co.....Oakland  
John Breuner Co.....Oakland  
H. C. Capwell Co.....Oakland  
Manheim & Mazor.....Oakland  
Roos Bros.....Oakland  
Taft & Pennoyer.....Oakland  
I. Magnin.....Pasadena  
Albert's, Inc.....Richmond  
Geo. N. Reynolds Co.....Riverside  
Hale Bros., Inc.....Sacramento  
Weinstock, Lubin & Co.....Sacramento  
The Boston Store.....San Diego  
Holzwasser's, Inc.....San Diego  
City of Paris.....San Francisco  
H. S. Crocker Co., Inc...San Francisco  
The Eighth St. Store...San Francisco  
Paul Elder Co.....San Francisco  
The Emporium.....San Francisco  
French-American Bank..San Francisco  
Hastings Clothing Co....San Francisco  
Livingston Bros.....San Francisco  
Marks Bros.....San Francisco  
Philadelphia Shoe Store..San Francisco  
Roos Bros.....San Francisco  
Shreve & Co. (Jewelers)..San Francisco  
Sommer & Kaufman.....San Francisco  
Raphael Weill & Co.....San Francisco  
(The White House)

M. Blum & Co.....San Jose  
C. M. Andera.....Santa Barbara  
M. Levy & Bros., Inc.....Stockton  
Levee's Department Store...Vallejo  
S. Sweet & Co., Inc.....Visalia

## COLORADO

The Gano-Downs Co.....Denver  
Knight & Campbell.....Denver  
A. T. Lewis & Son Dry Goods Co.  
.....Denver  
Powers & Behen.....Denver

## CONNECTICUT

Rockwell & Co.....Bridgeport  
The Luke Horsfall Co.....Hartford  
Albert Steiger, Inc.....Hartford  
Wise, Smith & Co.....Hartford  
Griswold, Richmond & Glock..Meriden

## DISTRICT OF COLUMBIA

M. Goldberg.....Washington  
Frank R. Jelleff, Inc.....Washington

## Partial list of stores National Charge P

S. Kann Sons Co.....Washington  
King's Palace.....Washington  
Lansburgh & Bro.....Washington  
S. N. Meyer, Inc.....Washington  
W. B. Moses & Sons, Inc...Washington  
National Electric & Supply Co..Washington  
.....Washington  
The Palais Royal.....Washington  
Parker-Bridget Co.....Washington  
Woodward & Lothrop, Inc..Washington

## FLORIDA

Cohen Bros.....Jacksonville  
Kohn-Furchgott Co.....Jacksonville  
Levy's.....Jacksonville  
W. M. Burdine's Sons.....Jacksonville  
Hart Hardware Co.....Jacksonville  
Henry Giddeon Clothing Co...Tallahassee  
Knight & Wall Co.....Tallahassee  
Maas Bros.....Tallahassee

## GEORGIA

J. P. Allen & Co.....Atlanta  
Carter Electric Co.....Atlanta  
Davison-Paxon-Stokes Co....Atlanta  
Eiseman's.....Atlanta  
Ginsburg, Kirshon & Ginsburg..Atlanta  
J. M. High Co.....Atlanta  
King Hardware Co.....Atlanta  
H. G. Lewis & Co.....Atlanta  
Parks-Chambers-Harwick Co...Atlanta  
J. A. Kirven Co.....Columbus  
J. P. Allen Co.....Macon  
Burden, Smith & Co.....Macon  
Leopold Adler.....Savannah

## IDAHO

Falk Mercantile Co.....Denecke  
The Mode, Ltd.....Killian  
Morrow Mere. Co.....Coeur d'Alene  
R. C. Beach Co.....Lewiston  
Idaho Wholesale Co.....Nampa  
Nampa Department Store.....Nampa  
Potlatch Mercantile Co.....Pocatello  
Idaho Department Store....Twin Falls  
Morrow Mere. Co.....Wallace



# THE NATIONAL CASRE

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## ILLINOIS

Livingston & Sons.....Bloomington  
Kaufman & Co.....Champaign  
Fair.....Chicago  
Hall Field & Co.....Chicago  
Foster & Co.....Chicago  
Hub.....Chicago  
Miller & Co.....Chicago  
L. Rothschild.....Chicago  
Schild & Co.....Chicago  
Gebhart Co.....Decatur  
Gushard Dry Goods Co.....Decatur  
& Scruggs.....Decatur  
& Co.....Moline  
Bergner & Co.....Peoria  
Brothers.....Rockford  
n's.....Rockford  
ford E. & M. Clothing Co.....Rockford  
V. Weise Co.....Rockford  
abe Dry Goods Co.....Rock Island

## INDIANA

Department Store.....Anderson  
Auer Bros.....Ft. Wayne  
Ayres Co.....Indianapolis  
Ahen-Hollweg & Co.....Indianapolis  
Aha Dry Goods Co.....Indianapolis  
Agott Bros.....Indianapolis  
At. Wasson & Co.....Indianapolis  
At. & Wise.....Logansport  
A. McNaughton & Co.....Muncie  
Ellsworth Store.....South Bend  
Frances Shop.....South Bend  
ertson Bros. Co.....South Bend  
Sav. Ierz, Inc.....Terre Haute  
Specht-Finney Co.....Valparaiso

## IOWA

Denecke Co.....Cedar Rapids  
Killian Co.....Cedar Rapids  
ur d'ed & Von Maur, Inc.....Davenport  
Lee. C. Peterson's Sons.....Davenport  
Globe.....Des Moines  
Mansky & Sons Co.....Des Moines  
Parker Bros., Inc.....Des Moines  
Twin Stampfer Co.....Dubuque  
Walson Bros.....Sioux City

## KANSAS

The Newman Dry Goods Co.....  
.....Arkansas City  
Ramsay Bros. Dry Goods Co.....Atchison  
Rorabaugh-Wiley Dry Goods Co.....  
.....Hutchinson  
Star Clothiers Co.....Hutchinson  
Rorabaugh Stores Co.....Salina  
Allen W. Hinkel Dry Goods Co.....  
.....Wichita  
The Geo. Innes Co.....Wichita  
McVicar-Howard-Millhaust Co.....Wichita  
Rorabaugh Dry Goods Co.....Wichita  
Woolf Bros.....Wichita

## KENTUCKY

J. R. Coppin Co.....Covington  
Mitchell, Baker & Smith.....Lexington  
Herman Straus & Sons Co.....Louisville  
E. Guthrie Co.....Paducah  
J. A. Rudy & Sons.....Paducah

## LOUISIANA

Rosenfield Dry Goods Co.....Baton Rouge  
Leon Godchaux Clothing Co.....  
.....New Orleans  
D. H. Holmes Co., Ltd.....New Orleans  
Chas. A. Kaufman Co., Ltd.....  
.....New Orleans  
Maison Blanche Co., Ltd.....New Orleans  
Marks-Isaacs.....New Orleans

## MAINE

B. Peck Co.....Lewiston  
A. H. Benoit & Co.....Portland  
Eastman Bros. & Brancroft Co.....  
.....Portland  
J. R. Libby Co.....Portland  
Porteous, Mitchell & Braun.....Portland

## MARYLAND

Consolidated Gas, Electric Light &  
Power Co.....Baltimore  
Hochschild-Kohn & Co.....Baltimore  
The Fleisher Co.....Hagerstown

## MASSACHUSETTS

Chandler & Co.....Boston  
Gilchrist Co.....Boston  
C. F. Hovey Co.....Boston

Jordan-Marsh Co.....Boston  
The Shepard Stores.....Boston  
Thresher Bros.....Boston  
E. S. Brown Co.....Fall River  
McAuslan & Wakelin.....Holyoke  
Albert Steiger Co.....Holyoke  
Forbes & Wallace.....Springfield  
Meekins, Packard & Wheat.....Springfield  
Albert Steiger Co.....Springfield

## MICHIGAN

Toeller Co.....Battle Creek  
S. L. Bird & Son.....Detroit  
Crowley-Milner & Co.....Detroit  
R. H. Fyfe (Shoes).....Detroit  
J. L. Hudson Co.....Detroit  
Newcomb-Endicott Co.....Detroit  
The Norbro Shop.....Detroit  
The Boston Store.....Grand Rapids  
(Chas. Trankla Co.)  
B. S. Chapin, Inc.....Grand Rapids  
Friedman-Spring Co.....Grand Rapids  
Herpolsheimer Co.....Grand Rapids  
Paul Steketee & Sons Co.....Grand Rapids  
Wurzburg Dry Goods Co.....Grand Rapids  
Gilmore Bros.....Kalamazoo  
J. W. Knapp Co.....Lansing  
M. B. Lloyd.....Menominee  
Heavenrich Bros.....Saginaw  
M. W. Tanner Co.....Saginaw

## MINNESOTA

Columbia Clothing Co.....Duluth  
Duluth Glass Block Store, Inc.....Duluth  
E. E. Atkinson Co.....Minneapolis  
The Dayton Co.....Minneapolis  
L. S. Donaldson Co.....Minneapolis  
Field's, Inc.....Minneapolis  
Plymouth Clothing Co.....Minneapolis  
Powers Merc. Co.....Minneapolis  
M. L. Rothschild & Co.....Minneapolis  
J. W. Thomas & Co.....Minneapolis



REGISTER COMPANY DAYTON, OHIO



# The National Charge Less And Gives

The Young-Quinlan Co....Minneapolis  
E. E. Atkinson Co.....St. Paul  
Bannon's .....St. Paul  
Emporium Merc. Co.....St. Paul  
The Golden Rule.....St. Paul  
The Macey Company.....St. Paul  
Schuneman & Evans.....St. Paul

## MISSISSIPPI

F. Goodman.....Greenwood  
Fine Brothers.....Hattiesburg  
Logan Phillips.....Jackson  
The Emporium, Inc.....Jackson  
R. E. Kennington Co.....Jackson  
Union Department Store.....Jackson  
Winner-Klein Co.....Meridian

## MISSOURI

Newman Merc. Co.....Joplin  
Ramsay Dry Goods Co.....Joplin  
Harzfeld's.....Kansas City  
Diamond Bros.....Kansas City  
J. W. Jenkins Sons Music Co.....  
.....Kansas City  
The Jones Store Co.....Kansas City  
Logan Jones Dry Goods Co.....  
.....Kansas City  
Geo. B. Peck Dry Goods Co.....  
.....Kansas City  
Schmelzer Arms Co.....Kansas City  
Woolf Bros.....Kansas City  
The Heers Store Co.....Springfield  
Princess.....St. Joseph  
Townsend-Euberrhein Clothing Co.  
.....St. Joseph  
B. Nugent & Bro. Dry Goods Co.  
.....St. Louis

## MONTANA

Hart-Albin Co.....Billings  
Metals Bank & Trust Co.....Butte  
Strain Bros.....Great Falls

## NEBRASKA

Gold & Co.....Lincoln  
Magee Clothing Co.....Lincoln

## NEW JERSEY

Steinbach Co.....Asbury Park  
M. E. Blatt Co.....Atlantic City  
Baker-Flick Co.....Camden  
Goerke-Kirch Co.....Elizabeth  
M. Levy Sons.....Elizabeth  
A. Holthausen.....Union Hall

## NEW YORK

Steefel Bros.....Albany  
W. M. Whitney & Co.....Albany  
Hills, McLean & Haskins...Binghamton  
Sisson Bros. Weldon Co...Binghamton  
Liberty Bank.....Buffalo  
Marine Trust Co. of Buffalo...Buffalo  
Oppenheim, Collins & Co.....Buffalo  
Chemung Canal Trust Co.....Elmira  
Merchants' National Bank.....Elmira  
Brentano's, Inc.....New York  
Jay Thorpe, Inc.....New York  
Lord & Taylor.....New York  
Prince George Hotel.....New York  
E. W. Edwards & Son.....Rochester  
B. Forman Co.....Rochester  
National Clothing Co.....Rochester  
The Wallace Co.....Schenectady  
C. E. Chappell & Sons.....Syracuse  
Dey Brothers & Co.....Syracuse  
E. W. Edwards & Son.....Syracuse  
Hunter's, Inc.....Syracuse  
Park Brannock Shoe Co.....Syracuse  
John A. Roberts Co.....Utica  
Frank A. Empsall & Co.....Watertown

## NORTH CAROLINA

S. Lipinsky Sons & Co.....Asheville  
Little-Long Co.....Charlotte

## OHIO

The C. H. Yeager Co.....Akron  
David Zollars & Son, Inc.....Canton  
Burkhardt Bros. Co.....Cincinnati  
Hanke Bros.....Cincinnati  
The Mabley & Carew Co.....Cincinnati  
Smith-Kasson Co.....Cincinnati  
The Bailey Co.....Cleveland  
B. R. Baker Cleveland Co.....Cleveland  
The May Co.....Cleveland

## Partial list of stores National Charge

Stearn & Co.....Cleveland  
The Fashion Co.....Columbus  
Justus & Parker.....Columbus  
The F. & R. Lazarus & Co...Columbus  
A. E. Pitts Shoe Co.....Columbus  
The Union Company.....Columbus  
Donenfeld's, Inc.....Dayton  
The Elder & Johnston Co.....Dayton  
The Rike-Kumler Co.....Dayton  
Carroll Dept. Store.....Newark  
Anderson Bros. Co.....Portsmouth  
The Atlas Co.....Portsmouth  
The Fahien-Tehan Co.....Springfield  
Edward Wren Co.....Springfield  
The Lasalle & Koch Co.....Toledo  
Neuhausel Bros. Co.....Toledo  
Mahoning National Bank...Youngstown  
The Strauss-Hirshberg Co..Youngstown  
A. E. Starr Co.....Zanesville  
H. H. Sturtevant Co.....Zanesville

## OKLAHOMA

Calhoun Dry Goods Co.....Muskogee  
Durnil's .....Muskogee  
First National Bank.....Oklahoma City  
McEwen-Halliburton Co..Oklahoma City  
Rorabaugh-Brown Dry Goods Co.  
.....Oklahoma City  
A. Rosenthal, Inc.....Oklahoma City  
Osage Merc. Co.....Pawhuska  
Mammoth Dept. Store.....Shawnee  
J. W. Jenkins Sons Music Co....Tulsa

## OREGON

John C. Mann.....Medford  
The J. K. Gill Co.....Portland  
Kilham Stationery Co.....Portland  
Lipman, Wolfe & Co.....Portland  
Olds, Wortman & King.....Portland

## PENNSYLVANIA

Hess Bros.....Allentown  
Jacob Brett.....Altoona  
Hershey Dept. Store.....Hershey  
Penn Traffic Co.....Johnstown  
Blauner's .....Philadelphia



# THE NATIONAL CASH



# Phone System Costs Better Service

## which have adopted Phone System

Stewart's ..... Philadelphia  
Oppenheim, Collins & Co. .... Pittsburgh  
Pittsburgh Auto Equipment Co.  
..... Pittsburgh  
Rosenbaum Co. .... Pittsburgh  
The Heinz Store. .... Scranton  
Samter Bros. .... Scranton  
Fowler, Dick & Walker. .... Wilkes-Barre  
Isaac Long ..... Wilkes-Barre  
Bush & Bull. .... Williamsport  
C. H. Bear Co. .... York  
Fred S. Marshall Co. .... Washington

### RHODE ISLAND

Callender, McAuslan & Troup Co.  
..... Providence  
The Shepard Company. .... Providence  
McCarthy Dry Goods Co. .... Woonsocket

### SOUTH CAROLINA

Louis Cohen & Co. .... Charleston  
Jas. F. Condon & Sons. .... Charleston  
Bon Marché. .... Columbia  
Kohn's ..... Columbia  
D. W. Alderman Sons Co. .... Manning

### SOUTH DAKOTA

Fantle Bros. .... Sioux Falls

### TENNESSEE

The H. P. King Co. .... Bristol  
Anderson-Dulin-Varnell Co. .... Knoxville  
Morris Bart ..... Knoxville  
The John Gerber Co. .... Memphis  
Phil A. Halle. .... Memphis  
The Landres Co. .... Memphis  
Levy Bros. .... Memphis  
B. Lowenstein & Bros., Inc. .... Memphis  
J. Summerfield. .... Memphis  
Cain-Sloan Co., Inc. .... Nashville  
Castner-Knott Dry Goods Co. .... Nashville  
D. Loveman, Berger & Teitlebaum  
..... Nashville

### TEXAS

The Minter Dry Goods Co. .... Abilene  
E. M. Scarbrough & Sons. .... Austin  
The Whitehouse Dry Goods Co.  
..... Beaumont  
W. A. Green Co. .... Dallas  
A. Harris & Co. .... Dallas  
Neiman Marcus Co. .... Dallas  
Popular Dry Goods Co. .... El Paso  
Monnig Dry Goods Co. .... Ft. Worth  
Sanger Bros. .... Ft. Worth  
W. C. Stripling Co. .... Ft. Worth  
Teague Company. .... Gainesville  
Clark W. Thompson Co. .... Galveston  
Emil Blum Co. .... San Antonio  
Frank Bros. .... San Antonio  
The Vogue. .... San Antonio  
Washer Bros. .... San Antonio  
T. W. Marse & Co. .... Taylor  
R. J. O'Dwyer. .... Texarkana  
I. Schwarz. .... Texarkana

### UTAH

W. H. Wright & Sons Co. .... Ogden  
Auerbach Co. .... Salt Lake City  
The Paris Co. .... Salt Lake City  
Walker Brothers Dry Goods Co.  
..... Salt Lake City

### VIRGINIA

B. K. Merryman Co. Inc. .... Bristol  
C. M. Guggenheimer Co. .... Lynchburg  
J. R. Millner Co., Inc. .... Lynchburg  
Ames & Brownley. .... Norfolk  
Miller, Rhoads & Swartz. .... Norfolk  
Smith & Welton Co. .... Norfolk  
A. Rosenstock & Co. .... Petersburg  
Mark C. Bane, Inc. .... Pulaski  
The Cohen Co. .... Richmond  
E. W. Dabney. .... Richmond  
The Kaufman Store. .... Richmond  
Miller & Rhodes, Inc. .... Richmond  
Thalhimer Bros. .... Richmond  
The Young Men's Shop. .... Richmond  
The Weisberger Co. .... Richmond  
S. H. Heironimus. .... Roanoke  
Geo. MacBain Co., Inc. .... Roanoke

### WASHINGTON

Geo. J. Wolff. .... Aberdeen  
Everett Dry Goods Co. .... Everett  
Eastman Kodak Co. .... Seattle  
The Grote-Rankin Co. .... Seattle

Lowman & Hanford Co. .... Seattle  
(Books, Stationery, etc.)  
Seattle National Bank. .... Seattle  
Westberg & Childs, Inc. .... Seattle  
Culbertson's ..... Spokane  
John W. Graham & Co. .... Spokane  
Old National Bank. .... Spokane  
Spokane Dry Goods Co. .... Spokane  
The White House Co. .... Spokane  
Rhodes Bros., Inc. .... Tacoma  
Gardner & Co. .... Walla Walla  
A. M. Jensen Co. .... Walla Walla

### WEST VIRGINIA

May Shoe Co. .... Charleston  
The Peoples Store. .... Charleston  
Schwabe & May. .... Charleston  
The Parson-Souders Co. .... Clarksburg  
Bradshaw-Diehl Co. .... Huntington  
F. H. Markey, Inc. .... Parkersburg  
Geo. E. Stifel Co. .... Wheeling  
Geo. R. Taylor Co. .... Wheeling

### WISCONSIN

Chas. A. Levy & Bros. .... Janesville  
Harry S. Manchester, Inc. .... Madison  
Lauerman Bros. .... Marinette  
The Boston Store. .... Milwaukee  
Espenhain Dry Goods Co. .... Milwaukee  
Fields, Inc. .... Milwaukee  
Ben. J. Rosenberg Co. .... Milwaukee

### CANADA

The Hudson's Bay Co. .... Edmonton, Alt.  
The Hudson's Bay Co. .... Vancouver, B. C.  
The Hudson's Bay Co. .... Victoria, B. C.  
The Hudson's Bay Co. .... Winnipeg, Man.  
Dupuis Freres, Ltd. .... Montreal, Que.  
Henry Morgan & Co., Ltd. ....  
..... Montreal, Que.  
Ogilvy's Ltd. .... Montreal, Que.  
The Paquet Co. .... Quebec, Que.



# REGISTER COMPANY DAYTON, OHIO

## New Wine—Old Bottles

(Continued from Page 19.)

But you cannot become enthusiastic without knowledge. It is knowledge that produces interest and interest produces enthusiasm, and you cannot become enthusiastic about anything unless you like it. If you do not like credit granting, then, in heaven's name, get out of it! Find the place that best suits you. The universe cannot function properly through you unless you are enthusiastic.

When Roosevelt became Vice-President of this country he said that the Vice-Presidency was going to be a bigger job than it had been in the past, for he poured into it all the enthusiasm of his dynamic and virile personality. Show me a man in any profession or in any sphere of endeavor who has really made a success and I will show you a man who is enthusiastic and full-blooded.

You are engaged in a great and noble work, for you are ministering to the needs of nature's finest creation—mankind. Your position is one of vast responsibility and it calls for the best that is in you. When time is taken to measure and compare the volume of business that passes through your hands with the volume that passes through the hands of the various department heads in your firm, the importance of your position becomes apparent. But until the credit manager fully realizes those things himself, and by sheer force of will and determination projects himself, his heart, his mind, his soul into his job—retail credit granting as a profession will remain unborn, and the crown of success will await the arrival of younger and braver men, whose brows it will adorn.

"There is a tide in the affairs of men which, taken at the flood, leads on to fortune," and whether we know it or not we are now riding on the crest of the incoming tide of this demand for a retail credit profession. What are we going to do? Shall we allow this onward sweeping current to cast us high upon the bleak and rocky shore of disappointed hopes and lost opportunities, and shall we sit there and watch this tide recede back again into the great ocean of thought from whence it came, or shall we use it to carry us on to triumph and to victory? This need of a credit profession is a challenge to every man in this association. The task is great, and the demand is for MEN, not pigmies.

Credit granting is a science, but, up to a few weeks ago, I had never seen or heard of a definition of credit granting. Definitions of credit there were, but not a definition of credit granting. If anyone asked you for a definition of credit granting, what would you say? I asked myself that question three weeks ago, and, in order to answer it, I had

to formulate my own definition. I will give it to you:

"Credit granting is the science of collecting, classifying and correctly recording information regarding the applicant's moral character, his resources, liabilities, obligations, habits of trading and the paying of his accounts, in such manner as to determine whether or not such applicant is an acceptable risk. It also involves the art of conveying such decisions to the applicant in such a way as to retain his good will, to uphold the principles of the house and the ethics of the credit profession."

Perhaps, you may think that definition is too long and a much shorter definition should be given. Credit granting could be briefly stated as "The science of granting credit," but, if we are going to establish credit granting as a profession, we must be more explicit in our definitions and sacrifice brevity for clear and concise statements. You will observe that the definitions just given say nothing about collections. For the sake of clearness, "Collections" should have a separate definition. I have defined collections as:

"The science and art of tactfully persuading or compelling the debtor to pay his bills within a specified time."

It will be noticed that I have used the words "science" and "art" in both definitions. There is a difference, as you know, between the meaning of these words. Science is knowledge reduced to law and embodied in system. That is why credit granting is a science—it collects and classifies knowledge in a systematic way. Science always seeks to know. But art is skill and refers to the doing of things. It is one thing to know and another thing to do. So that granting credit and collecting accounts require both science and art, or, in other words, expert knowledge and skill.

But the credit profession not only requires a man of expert knowledge and skill, it also demands a man of high ethical standing, and he shall forfeit his professional standing if he violates this ethical code. The call is for men of fine, strong, rugged moral calibre; for men who have scrupulous regard for honesty and fair dealing; for men of sound integrity. Whenever I think of men of character, my mind instinctively turns to that immortal son of American soil—Abraham Lincoln. If ever a man lived to whom the words of Shakespeare applied it was Abraham Lincoln. Shakespeare said, long before Lincoln's time, "The elements so mixed in him that the whole of nature might stand up and say—'This is a Man.'"

The code of ethics passed by the 1924

convention states, among other things, that the credit manager shall be of "Good credit standing." How can a credit manager or a collection manager conscientiously collect money if he fails to pay his own bills promptly? If the Golden Rule is to be the basis of your ethical code, it covers the paying of bills for:

"All things whatsoever ye would that men should do unto you, do ye unto them."

If you do not meet your own bills, your insincerity has a way of communicating itself to others. It slips into your conversation, into your letters, into your actions. You cannot hide it, for nature reveals you as you are. If, to character and knowledge, we add the qualities that go to make up personality you have my ideal professional credit manager. He shall be enthusiastic, sincere, tactful, courteous, prompt, and possess a capacity for work. If he will inject these qualities into his job, it will increase a thousand fold.

Have I set the standard too high? There is no royal road to success, it means hard work and lots of it. Every successful person you ever met has trod the rough and thorny road. This is not primarily a question of recompense, it is one of delivery. It is the principle of business applied to your own individual problem, to the selling of your services. (Continued on Page 30.)

## Cleveland Collections are Solicited

**DEPARTMENT**  
owned and controlled by representative retail establishments of City.

Association will accept, and solicits, all forwarded claims for collection.

### Address

The Cleveland Retail Credit Men's Company  
405 Chamber of Commerce Building • Cleveland, Ohio

# "The Relation of the Volume of Accounts Receivable to Available Capital"

By R. V. Chaffee

Credit Manager, Ernst Kern Company, Detroit, Michigan

Address Delivered at Fourteenth Annual Convention of The R. C. M. N. A., Los Angeles, August 10, 1926

We read, lately, of a credit executive who, at the close of a fiscal year, submitted a perfect report to his superiors. The record he gave them showed his firm had not lost a single dollar in bad debts during the entire twelve months. A wonderful achievement—yet, he was asked for his resignation. There is no danger of my losing my present assignment, as I confess, at the outset, this is not a perfect report.

When President Watson asked me to talk on my subject, I strenuously and earnestly declined on the ground of disqualification and confessed ignorance of the topic, and in the belief that it rightfully belonged to a banker, comptroller or the merchant himself. His idea was prompted by a conclusion made during the year, of his visit to other cities, where he found the great need of our credit men and the merchants they represent was definite credit policies, economically correct. Credit policies must, necessarily, vary because of the personal equation of the individuals. I don't believe it is within the province of a credit manager to tell his employer just how to run his own business. He can, however, lay suggestions on his desk accentuated by figures, statistics and sound logic for his consideration. He can formulate a credit policy to be accepted or rejected, as the merchant, himself, sees fit. This policy will, naturally, be the result of experience plus research and interchange of opinions.

And, speaking of research, it is interesting, and often amusing to discover statistics directly contradictory. For instance, Bradstreet's tabulations for 1925 showed that, out of 18,859 failures in the United States, 1.3% or 248 of these failures were due to unwise credits. In contrast to this low percentage, comes a paragraph in The Credit World which I quote verbatim—"Statistics show that a very large per cent of the fatalities in business are due to the fact that merchants with limited capital are endeavoring to finance the affairs of their customers. That is to say, probably eighty-five per cent of the merchants who fail in business under-

take to carry the accounts of too many of their customers for too long a time. It can't be done!" Note, it said with limited capital, and in the aforementioned Bradstreet report, the lack of capital was placed at 33.0%, which, plus the 1.3% of unwise credits gives us 34.3%, quite a difference between eighty-five per cent.

There are numerous angles of this subject that, in themselves, would require hours for satisfactory expostulation, but as we must of necessity be brief, they can be merely touched upon. Some of these viewpoints are—the calibre of the accounts receivable—the banking facilities or connections of the merchant, the various classifications of trade—the geographical location and local industrial influences—the amount of cash business he does—the ability or sagacity to estimate or anticipate future conditions, and a recognition of major business cycles.

The latter is an absolute necessity to the successful administration of a credit department. The credit manager obviously must be governed by them in making readjustments of the credit policies. When a large manufacturing center has all its plants working full time with a consequent distribution of considerable cash and the near future indicates a continuation of the good days, the credit man, naturally, wishes to be more liberal in the granting of new accounts and, perhaps, extending purchasing limits on some of the old ones. But, when times become slack, the reins must be held tighter and caution should prevail, which brings up an important point for consideration leading us into another angle of the subject in hand, that is, the ability to anticipate or estimate future conditions.

Is it not true that many of our difficulties in credit granting arise from the fact that the amount to be allowed is based almost entirely upon business conditions prevailing at the time of sale? It is the condition of business at the time the account is due that, in reality, determines the ability of the customer to liquidate his obligations promptly. The circumstances at that period might

be entirely different from the time of purchase, piling up an unusual amount of delinquencies.

Thus, we are led into still another angle of our topic, the geographical location and local industrial influences. Two comprehensive groups evidence themselves, the agricultural and the manufacturing, and the problems of credit men in the respective districts might differ considerably. They are so self-evident that it is unnecessary to dwell upon them here, but a local situation may change very radically in sixty days, or even less.

A firm's cash business is related to this general question in so far as how it will affect their meeting its own obligations if they are carrying a large amount of receivables and the capital is limited. And the cost of this capital used in relation to the volume of business done is a very important consideration, and as the cost of capital used is directly dependent upon the amount of capital used in the business, it becomes evident that the larger the volume of business done on a specific amount of capital, the smaller the unit costs for capital.

Placed in another way, it means the less capital that is required to do a given volume of business, the smaller the margin on sales necessary to carry the financial burdens. Of course, if a merchant is fortunate enough to have no difficulty in obtaining any money at any time from a bank, he need not worry about any temporary embarrassment for lack of capital. But all merchants are not so well situated and their financing becomes a serious problem.

The previous angles were merely skimmed over, as I wished to devote a little more time to what, in my mind, was the most important of all. Let us take the calibre of the receivables for a moment. If the losses never exceed one-half or three-fourths of one per cent, the financial status of the merchant is greatly fortified and strengthened and he is keeping these important assets liquid. This house can go a long way in extending credit. But the firm whose P & L shows a greater loss, say from



one and one-half to two, up to five, has to keep a most vigilant watch on the sum extended. It becomes an unhealthy financial condition and often leads to failure.

A satisfactory ratio must be maintained between the liabilities and the owner's capital investment and the total current assets. In other words, the total liabilities should never reach the point where they exceed the combined capital and surplus of the business. The store's credit position is weakened if the ratio of current assets to liabilities falls below two to one, unless an unusually high percentage collection is accomplished, and this ratio should never be the result of a voluntary credit policy that permits over-extension of credit.

I believe the phrase from the Credit World item, "Undertake to carry the accounts of too many of their customers for too long a time" brings up the direct relation between the volume of accounts receivable and available capital and singles it out to be a matter of collections. There is no denial of the outstanding fact that all merchants want all the good business they can get, whether it be cash or charge, and you, as credit men, know, and have forcefully pointed out to those store owners who were dubious, the unqualified value of increasing volume through the medium of a successfully managed credit department.

Many merchants did not have to be educated to this condition, they could foresee it without conclusive proof. Therefore, if the credit man could collect his receivables quickly, could have enough turnovers of them in a fiscal year, there is no reason why the extent of these receivables should be limited by an unwillingness to tie up capital in them. But the rub comes in the collections in the turnovers.

What does the turnover of accounts receivable mean? It expresses the relationship between the volume of business done and the amount of receivables unpaid at the close of the period. It is a measure of the economy observed in the use of capital tied up in receivables, and, when any store has better or poorer turnover of outstandings than the average, it realizes relative advantages and disadvantages, which, naturally affect the return earned on the investment.

Let us give a specific example of the advantages of a more rapid turnover of accounts receivable. We will show that it resolves itself directly into terms of added surplus—net profits on the investment.

(Continued on Page 31.)



Read these six stickers—they carry money-getting messages

## A Newer—QUICKER Way To Speed Collections

Overdue accounts . . . . statement after statement . . . .  
accounts still unpaid . . . . you wonder what to do . . . .

But try this series of six stickers! Send a statement EVERY TEN DAYS. Attach sticker No. 1 to the first statement, No. 2 to the second, etc.—and watch the accounts pay up.

No bull-doing tactics—nothing to offend your customer—just a friendly reminder worked out in a perfect system keeping YOUR bill before your customer's memory.

Order the whole system—it only costs \$2.00 to try it out—then use it according to instructions for best results.

Six stickers to set as shown, printed in two colors—text emblem and inside border in black, wide outer border in bright blue. Packed 250 sets of six in strong envelopes, with full instructions for using.

—And they do collect. . . . That's why OVER TWO MILLIONS have been used by credit men to speed collections.

250 sets of six (1500 in all) \$2.00  
1000 of any one sticker \$2.00

**Retail Credit Men's  
National Association**

Equitable Bldg.

Saint Louis

# A Question of Prompt Collections

**"Does a Lenient Policy that Results in a Low Percentage of Collections and a High Bad Debt Loss Produce an Increased Volume of Charge Business, and if so, is the Increase Sufficient to make Such a Policy Advisable?"**

By George A. Lawo

Sec'y-Treas. John Gerber Company, Memphis, Tenn.

Address Delivered at Fourteenth Annual Convention of The R. C. M. N. A., Los Angeles, August 10, 1926

"Do prompt Collections Increase Charge Business?" That is the other way 'round to express my subject, and with the permission of the President, I shall handle it from that angle, at the same time endeavoring to answer the questions in the subject as it appears on the program.

We all recognize this question as a most vital one. In fact, presuming that a credit manager has full and complete charge of his credit and collection departments and controls the credit policy of his store, as every credit man should, there is in my opinion nothing more important that he should know than whether prompt collecting is the best policy.

Before this question can be answered it is, of course, necessary to know what is meant by "prompt" collections.

Surely "Chick" Arbuckle was not a prompt collector, according to Director McMullen's "Oklahoma City Retailers News." Chick wrote to the Merchants' Journal for advice.

Here is his letter:

"Gentlemen: Mrs. Josiah Timberlake called at my office last week and I asked her when she would pay me the forty-seven dollars she owed for the last eighteen months. She grew very indignant and chased me all over the place, throwing canned goods, vegetables and other things at me. She kicked over my computing scales and smashed my glass show case. What should I do about it?"

The Journal replied as follows:

"You acted unwisely in asking Mrs. Timberlake for the forty-seven dollars. No lady likes to be dunned; in fact, you may have laid yourself liable to an action for slander in thus approaching her. The fact that she has owed the account for only eighteen months would make it appear to any Arkansas jury that your action was hasty and ill-timed.

A merchant cannot be too careful in this matter of collecting bills. The average customer is of a very sensitive nature and easily offended if asked unexpectedly to pay up. The best and safest plan is to simply let the bills run, use your reserve capital to finance your business and when that gives out, go into bankruptcy. In this way you injure no one but yourself, which is a much more unselfish course."

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## Editor's Note:

The open forum discussion on Mr. Lawo's subject was conducted by President Watson and it was unanimously voted to instruct the Resolutions Committee to prepare a Resolution endorsing Mr. Lawo's stand on this subject.

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At that, Chick probably collected more closely than he should have, according to the ideas of a Mr. Riegel, who, several years ago, made the statement to our New York Association that retail stores should have no credit managers, but should give credit to all who sought it, contending that, due to honesty of the public, losses would be no greater than they are now.

And he even went so far as to offer to defend his views in a debate.

It is unnecessary to add that Mr. Riegel had no experience in handling retail credits.

Now, let us go to the other extreme, which would be to close an account as soon as it became past due. I am quite sure no credit manager would care to go that far.

How long, then, should we wait after an account becomes past due before

making efforts to collect, in order to have what might be termed a prompt collecting policy?

I believe that a policy calling for the debtor to be courteously reminded of his account five days after it becomes past due, with a follow up every ten days, until the account is paid or an answer received, may be so termed.

The next question is "How far past due should an account be before it should be suspended?" This question cannot be answered in a few words, except by saying that it depends upon the circumstances in each case, and, yet, I should say that no collection system is complete unless those in charge of it have well defined ideas on this subject.

A general rule could probably be adopted to apply to the average account, the past due condition of which is not surrounded with unusual circumstances, but, as we all know, there is a large percentage of accounts to which such a general rule would not apply.

Take, for example, a new account. You were undecided whether or not to accept it because of the applicant's rather slow record. But, after having a strict understanding about terms, you told him you were going to make an exception to your rules and take him on. Such an account I would not only suspend, but might even close as soon as it became a few days past due.

Then, there is the good substantial customer whose account, during the heavy buying seasons, amounts to two hundred or three hundred dollars a month, and who pays such bills promptly, but who, periodically, may permit an accumulation of small purchases amounting to twenty dollars or twenty-five dollars to run for four or five months. Such an account is not one that a credit manager would point to as an ideal account, but what credit manager would think of telling this customer that he may not make a charge purchase until his account is paid up?

Then, we have the account upon which a payment is religiously made every month, but a part of which, at times, due to a few months of heavy purchasing with no corresponding increase in payments becomes four, five and even six months old. I do not say such an account should not be suspended, in fact, I have suspended many of them.

And there are probably few credit managers who do not suspend every account of this kind—a part of which gets to be over six months old. But I think most all of us have to, first, overcome a feeling of reluctance before telling a customer who makes us a payment twelve months in the year that he must cease using his account, even though it be for only a temporary period.

And there are many other accounts to which a general rule would not apply, most of the exceptions being to carry the account longer than the time that would be prescribed in such a general rule, while there are a few that should be suspended at an earlier stage.

But, I should say that, to suspend the average account when it becomes three or four months past due would not be inconsistent with a conservatively prompt collecting policy.

I have often thought that it would be more interesting, and that delegates at our annual conventions would derive greater benefit from the talks made by our members if, in their own talks, they would tell how they actually do things themselves, and in detail, rather than how things should be done.

I am, therefore, in order to be consistent, going to tell you how our store handles its collections, together with the result produced on our volume of business, which will be my answer to the question, "Do Prompt Collections Increase Charge Business?"

As a given collection policy might produce different results in different stores or localities, due to local conditions either at the store or in the city where it is located, I shall also tell you the conditions under which our store operates, giving all material details, so that, if you are interested, you may intelligently consider whether our policy would give you the same results that we are getting. We are located in a city of two hundred thousand population.

Our volume this year will be between three million and four million. We cater to the better class of trade. We allow no one to undersell us. Our sales people are courteous, stocks are kept clean and our statements are rendered accurately and promptly. Our business has steadily increased for many years and our store has the highest reputation for reliability and fair dealing. We

are assisted by the "Prompt Pay" advertising of the Memphis Association and, I might add, our competitors do not collect as closely as we do. I mention this fact, as some, no doubt, are of the opinion that the result a collection policy produces is affected by how closely one's competitors collect.

When taking an application for credit, we plainly and slowly tell the applicant that our bills are due on the first of the month following purchases, and are payable in full by the tenth, and we usually wait a few seconds to let that sink in before proceeding further. Some ladies have smilingly replied that we would find them "slow but sure." In such cases, we invariably told them, and clearly, that we did not want their accounts except with the understanding that they would pay us according to our terms, and while it may be surprising to you, it is a fact, nevertheless, that not one of these applications were withdrawn.

Occasionally, upon being told our terms, applicants ask whether they are not the same as those of other stores, and our answer usually is that, while they are the same, we probably enforce ours a little more strictly.

In my opinion, to have a clear understanding of terms is one of the most important features of the opening of an account. And to do so is a great help in the subsequent handling of the account.

The collection system we use is the one outlined in the beginning of my talk. But we make this exception. When a customer purchases a Spring or Fall outfit, or any unusually large bill of goods we will, upon request at the time of purchase, give him special terms of two or three months and, occasionally, even a little longer time, always, however, with the understanding that subsequent purchases are to be paid for according to our regular terms.

We began to use our present system seven years ago, just after the Memphis Association completed its first "Pay Promptly" advertising campaign. Prior to that time, we did not approach a customer about his account until it was ninety days old. Since making the change, our charge business has shown a larger increase than that made in our cash business, showing that, at least, in this case, prompt collections increased charge business. It also increased our percentage of collections and reduced our bad debt loss.

But the surprising result was that the number of complaints received on collection letters and visits from our collectors was considerably reduced.

However, I attribute this latter result, principally, to our Association's Prompt Pay advertising with which our store has co-operated, and which I think is good evidence of the efficacy of this class of advertising.

Leaving out of consideration the stores with limited capital, to some of which prompt collections are almost a necessity, a lenient or lax collection policy, to be justifiable, would obviously have to produce a substantial increase in business. In fact, it would have to produce a good increase to do as well as break even with a prompt collecting policy that produced no increase, as I shall endeavor to show.

A lenient policy will collect, let us say, about thirty-three per cent of our Accounts Receivable each month. A moderately prompt policy should collect fifty-three per cent. Presuming that our Accounts Receivable at the first of the month are one hundred thousand dollars, under one method we would collect thirty-three thousand dollars and under the other fifty-three thousand dollars, a difference of twenty thousand dollars. The value of twenty thousand dollars, that is, the interest on it, which we would save by the prompt policy, at six per cent would be twelve hundred dollars, and as we do not earn six per cent net profit on our sales—last year the net earnings of the Department Stores of the entire country being less than four per cent—an increase in sales of more than twenty thousand dollars would have to be produced to take care of the loss of this interest.

Then, I should say, the difference in the losses on bad accounts between the two policies would amount to one-fourth of one per cent, and if, in the illustration given, the store had been collecting thirty-three per cent each month, the one hundred thousand dollars Accounts Receivable would represent approximately three months sales, making the charge sales for the year about four hundred thousand dollars.

An increased loss of one-fourth of one per cent on this amount would be one thousand dollars, to make up for which, additional sales of at least seventeen thousand dollars would have to be produced. This, added to the twenty thousand dollars previously mentioned, would make the total increase necessary, to take care of the increase in interest and increased loss on bad accounts thirty-seven thousand dollars.

I would like to explain in detail, how I arrived at the percentages and figures used, but time will not permit. However, in the quiz that is to follow my talk, I shall be glad to answer any questions on the subject.



The wording of my subject, when first assigned to me, was, "Does a High Percentage of Bad Debt Loss and a Low Percentage of Collection Produce Enough Volume to Become Profitable?"

This, you will see, presumes that slow collections increase volume. When requesting that it be changed, I was under the impression that there was a unanimity of opinion among authorities on Retail Credits to the effect that prompt collections increased business, but thinking that I might be mistaken, I wrote for the views of the following gentlemen whom you will all recognize as being among the foremost department store credit managers of the country: former National President, S. E. Blandford, for years credit manager of R. H. White and Company, Boston; former National President, Colonel Franklin Blackstone, with Frank and Seder, Pittsburgh, former National President, D. W. Ahl, formerly with J. L. Hudson and Company, now with Frank and Seder, Detroit; former National President, W. T. Snider, with Scruggs Vandervoort and Barney, St. Louis; Mr. J. H. Edgerton, President of the New York Association, Credit Manager for James McCreery and Company, New York; Second Vice-President, Leopold L. Meyer, Credit Manager for Foley Brothers, Houston; Mr. Robert Stern, President of the Texas Credit Association and Credit Manager for A. Harris and Company, Dallas; National Director George C. Driver, Credit Manager for May Brothers, Cleveland, and formerly Credit Manager for Mandel Brothers, Chicago; National Director L. T. McMahon, Credit Manager for Filene's, Boston, and Mr. Joe A. Auerbach, Credit Manager, Bloomingdale Brothers, New York, who, after August fifteenth will have charge of the credit department of Franklin Simon and Company, New York.

I shall conclude my talk by reading from replies received from these gentlemen. But before doing so I want to call your attention to this article from the June Credit World.

"Bloomingdale Brothers, of New York, recently placed its stock on the market and accountants going over the books made the following report of accounts receivable:

Accounts paid within 30 days. 85.13%  
Accounts paid one month slow. 12.10%  
Accounts paid two months slow. 2.70%  
Accounts paid three months slow 0.07%

This certainly is an excellent record and we congratulate Mr. Joseph B. Auerbach, Credit Manager of the firm. While a close collection policy is followed, no offense is given and the volume of charge business has steadily increased."

These are the best collection figures I have ever seen. They show, beyond doubt, that Mr. Auerbach is most highly efficient and the closest of collectors. In his reply to my letter, Mr. Auerbach wrote,

"Credit is a service only when properly extended. The customer who is given credit beyond his ability to pay in accordance with the terms—has not received a service.

My very definite conviction is that close collections make for volume, and so-called liberal collection—the name for which, however, usually more properly would be lax collections—tend to reduce volume.

The customer who is paid up is a satisfied customer, who will continue to buy from you. The customer who owes you money is disinclined to visit you and will place her business elsewhere."

Mr. Ahl, in his reply, did not say what he thought of a prompt collection policy, but stated that, due to certain conditions, he is at this particular time

pursuing a liberally conservative platform, and Mr. Meyer, who states that, for the past eighteen months, he has been collecting more closely than ever before, says he did not adopt his present policy with the expectation of increasing volume.

All of the other replies, from which I shall quote excerpts, show that the writers are strongly of the opinion that prompt collections increase business. The letters also give other information about their methods of handling accounts, showing that they believe in a more or less liberal policy in the extension of credit.

If you desire the letters read in their entirety, and time permits, with the president's permission, I shall be glad to read them later. I might add that it may be doing these gentlemen an injustice by quoting such a small part of their letter.

Mr. Blandford wrote:

"It is my idea that terms of payment should be specific, and that accounts should be followed up closely and with regularity.

(Continued on next Page)

## A Resolution of Sympathy

It was a great shock to the members of the National Board of Directors and the delegates at our Annual Convention to learn of the death on August 8th, of Mrs. G. C. Driver, wife of National Director Giles C. Driver of Cleveland.

The Board at its meeting on August 9th, ordered the following resolution spread upon the records of the Association:

**WHEREAS:** At the meeting of the Board of Directors of the Retail Credit Men's National Association held in Los Angeles on August 9th, 1926, we were advised of the death of Mrs. Driver, the wife of our fellow Director, Giles C. Driver of Cleveland, Ohio, and

**WHEREAS:** We who have been associated with Mr. Giles C. Driver for many years in the official family of this Association have created an intimacy which is so close as to extend to our immediate families, and

**WHEREAS:** The news of the death of Mrs. Driver was an unexpected sorrow, coming as it did upon the eve of our meeting, therefore

**BE IT RESOLVED:** That the Board of Directors of the Retail Credit Men's National Association go on record as extending their sincere sympathy to their fellow-worker, Mr. Giles C. Driver in his great bereavement, and

**BE IT FURTHER RESOLVED:** That a copy of this resolution be spread upon the records of this Association and a copy sent to Mr. Giles C. Driver as an expression of the sincere sympathy of each and every member of the Board of Directors.

It may be possible to conduct a profitable business with a high percentage of bad debt losses and a low percentage of collections, but it is my opinion that year in and year out such a condition in a retail business would not be profitable and the soundness of such a policy, or the business itself, may be open to question."

Mr. Snider said:

"My conversation on this subject with other credit men, whom I regard for their ability and opinions, has been the same as yours.

I think it is an erroneous idea that your volume is going to be increased by laxity in your collection efforts. We have hundreds of accounts on our books that are proving profitable business by keeping them paid up.

I believe the store that is successful in keeping its accounts collected will get a larger volume of business at the end of the year than the one that permits them to drag out settlement."

Mr. Edgerton replied:

"Personally, I believe in a conservative liberality, in opening new accounts, backed up by a collection

follow-up that would emphasize to our customers that we really mean what we say concerning our terms. Our collection percentage for the last thirty-six months averages better than sixty per cent and our charge business is increasing right along.

Stores which have a policy of this kind do a favor to the community, namely, by educating their customers to the right methods of doing business."

Mr. Stern says:

"If I were to answer the question, 'Does a lenient policy that results in a low percentage of collections and a high bad debt loss produce an increased volume of business, and, if so, is the increase sufficient to make such a policy advisable?' I would say, 'No,' just as emphatically as I could say it."

Mr. McMahon wrote:

"My personal opinion has always been, that the merchant who adopts a policy of collecting his bills promptly does not lose any business and, on the other hand, he is apt to get business inasmuch as the customer whose credit standing is

good, and whose bills are paid up to date, has no hesitation in using this account, whereas, a party who has a bill owing is more or less doubtful whether his account would be available or not, and, therefore, may hesitate about using his account for fear that he may be denied the privilege."

I do not think I could find a better closing than by using the words of Mr. Driver, who said:

"There is no question in my mind but that prompt and intelligent handling of collections increases volume. If you allow your accounts to pile up, you are barring the door to additional purchases on that account, forcing the customer to another store where she is clear. There is an adage—'Man follows his money with an order' and I think that holds good today.

If we credit men were to promote the suggestion of slower collections, it would soon deteriorate the standard of credits—and, heaven knows, they have been pulled down enough by the promotion of installment sales the last thirty months."

## Modern Business English

By A. C. Babenroth, Ph.D.

*Assistant Professor of English, Columbia University and Authority on Commercial Correspondence*

"Modern Business English" is based on the actual letters of many of the most progressive houses in America. It covers practically every situation and problem which can be analyzed and solved by writing.

In interesting style, the book takes up each step used in properly handling inquiries, orders adjustments, complaints, applications, reports, collections and sales.

### Collection Letters

Just as a good sales letter sells goods, so does a good collection letter collect money. Here, in full detail, are presented reasons why one should avoid "bunk" and be specific and sincere but cheerful. The many appeals include those of self-interest, pride, and firmness, and are lucidly displayed. As a specific feature, the discussion of collection letters to women is taken up.

### Adjustments and Complaints

The reason why many firms actually solicit complaints and the manner in which complaints are used to build good-will and to reopen accounts are covered. One of many features of immediate value to any business is—"The buyer to blame, claim granted" and "The buyer to blame, claim refused."

### Business Reports

The important points to be considered in writing a report based upon an examination of involved statistical data or of periodic progress are made clear.

### Sales Letters

Under this topic, the book takes up in logical order each step necessary to build a letter which will accomplish its primary purpose—to make sales. It shows when to use a buoyant, jaunty, juvenile, conservative, or simple tone and gives the reasons. Follow-up, wear-out, and campaign series of letters are included, together with valuable comments on timing the series. Mailing lists are discussed.

466 Pages 6x9 inches—\$4.00

Order Your Copy From

**Retail Credit Men's National Association**  
St. Louis, Missouri

## Report of Retiring President

(Continued from Page 11.)

should consist of a survey of any member bureau that its efficiency may be increased and its service broadened. Such a field man should be able to lay out the financial needs of a local bureau. Then he should be able to sell the merchants who use its service, the proper use and financial support of their bureau.

This accomplishment cannot come overnight, but I am convinced that such a man consistently and intelligently employed, will accomplish the needed raising of reporting standards faster than we can raise them by any other available means.

But there is another side to this situation. If the Division is to look to the Association for material aid along these lines, then the Division members must better understand and support their National. As it now is, many bureau men actually retard increase in National membership, fearing the price of National membership will reduce by an equal amount the funds available for carrying on their own work, and paying their own salaries. Under the circumstances I do not much criticize them. Yet our Association's fourteen years' experience has shown conclusively that 100% National membership in any community, *builds up* the local bureau rather than otherwise. It teaches the merchant what he needs in order to safely extend credit. It teaches him what service a bureau should give, and what the cost should be. So if we are to build up our reporting, we must build up our National. The Bureau Manager should enroll his merchants into the National at a rapid rate, for if the National is to continually give the Division such financial support, and meanwhile develop other service to its own members as it should, it must increase its resources—hence its membership.

Generally I believe in accomplishment by education rather than by legislation, but to depend on the slow process of education alone to persuade the bureau man to develop a National membership in his community is too slow for the occasion. Moreover the mutually profitable result amply justifies the means, and I therefore recommend that at this Convention such by-laws be passed as will require at least ten National memberships in any community before any bureau or agency in that community may be admitted to Division membership. Communities whose bureaus now hold Division membership should have six months from September first of this year in which to procure

ten or more National memberships. Nor do I believe the Division will lose five per cent of its membership by this legislation, while the National should gain between four thousand and five thousand members within six months.

Another condition exists to some extent and may increase, that may jeopardize the Division's success. I refer to the exchange of reports and other service between our members and those bureaus or agencies who are not members but should be. It seems to me unfair that the Division render service to those who contribute nothing to its development. Therefore I recommend that the officers of the Division study the effects of a rule that would stop the exchange of credit information between Division members and bureaus and agencies that are not Division members. I am inclined to think such a rule would develop both Division and National membership. If this viewpoint appears sound to the Division officers I should favor its adoption.

In some few cities the Division has two or more members. Some are competing bureaus or agencies, while some are members who handle collections only. Where competing bureaus are members, I know of no case where both are at heart interested in the development of the Division or of the Association. To me it seems that in the majority of such cases at least one of the bureaus is a poorly camouflaged enemy of our organization. I should like to see that condition done away with once and for all—not hastily, nor in temper, but after careful deliberation by the Division officers, always bearing in mind the welfare of the merchants whom, in the final analysis, we serve. Nor do I think the Division should be used to further the interests of any collection agencies which are not operated in conjunction with member reporting bureaus or agencies. It costs as much to serve a collection agency member as a bureau member, and it has been costing more than it has produced. Moreover we are assuming a sort of responsibility for such collection agencies as we admit to Division membership. I believe their admission to the Division to be contrary to our primary purpose, and recommend that this type of membership be discontinued.

All through our thought about the Division and its structure let us remember that every merchant in all America who subscribes to the service of any bureau or agency holding Division membership, is even now profiting by the activities, the enterprise, and from the financial support of both the Divi-

sion and the Association. Let him then contribute his share of support or go without our service.

No activity of the Association has been more productive of advanced thought and Association growth both local and National, than the State or Regional Conferences. Year by year they are increasing in number and in attendance. Gradually they are developing the wheel within the wheel form of organizing to which we are, I believe ultimately to come. Feeling sure it is our destiny to have far more than a hundred thousand members some day, I think the wheel within a wheel inevitable and desirable. But leaving the form of organization out of consideration now, all who have had experience with regional conferences are enthusiastic over the good they do. Then we should have more of them; our National should be organized on a plan that develops and perpetuates them.

Those already of annual occurrence each draw attendance from a rather definite trade territory where the interests of all are common. This very community of interest seems to me to point the way to a better method of finding representation in the business councils of the Association. As we now and long have conducted our affairs, we have our President with an executive committee—a cabinet one might say—to conduct the detailed business of the Association largely, of course, through the managing director. Then we have our Board of Directors to determine matters of policy, see that the interests of all sections get attention, and help keep the National Association before the membership in their districts and help build up a maximum membership. This is all good, and in line with modern practice. But as these conferences, themselves so useful, develop, so also develops natural units for representation on our Board of Directors. If we study our Board over a period of years we find its members rather definitely placed in centers of large membership—a perfectly natural development. While these centers are of course entitled to representation on our Board, yet they need the guiding hand of a director far less than some less developed districts. If the idea I present were allowed to develop for a period, the present centers would still be represented but so would those not now represented for we would find it necessary to increase the size of our Board. Why not then anticipate this situation and how definitely district our nation that each trade district may develop its regional conference, and likewise, subject to approval of the annual Convention, decide on its own representation in our Association's councils?

I recommend that steps be now taken to divide the United States into definite



districts for the purpose of fully developing annual regional conferences of retail credit men, each district to be entitled to a director on our Board. The Executive Committee at its February meeting passed a recommendation to this Convention that each state be entitled to a member on the Board. Since then my conclusion, and I know it is shared by others of that committee, is that about half that number would do all the good contemplated and be less cumbersome.

I feel that some few other changes in our by-laws are now expedient. Elected on the last day of the Convention an incoming President of this Association, whether opposed for election or not, feels diffident to go about active organization of his forces for the ensuing year's work, lest he seem to presume. Yet the annual Convention at which are gathered the majority of those with whom he will work, is the logical occasion for him to develop his organization for the ensuing year. By personal consultation for an hour he can accomplish more than in a month by correspondence. I would have the new President inaugurated at the close of the Convention as now, but would suggest that nominations be made on the third from the last day of the Convention, and that the election be held the next to the last day of the Convention. Unless the Convention should extend over five days this would, no doubt, make it necessary to extend the group conferences over two half days rather than one full day, or have some other arrangement of the program than the current arrangement. This proposal was also endorsed at the February meeting of the Executive Committee.

For years past the Finance and Executive Committees have held joint meetings once or oftener during the year. The Executive Committee is practically powerless except the Finance Committee be present. That they should meet together, but that the Finance Committee should be compelled to offer advice with no vote in the conduct of the business of the Association, is a condition never contemplated. Therefore I recommend that at this Convention the By-Laws be changed, simply adding the Finance Committee as now chosen and as now constituted to the present Executive Committee as now chosen and as now constituted, the Finance Committee to be a part of said Executive Committee. This proposal was likewise endorsed at the February meeting of the Executive Committee.

Throughout my year I have tried to lay hold of the outstanding fundamental need of the retail merchant and his credit man, that lay within the power of this Association to supply. To put it differently, I have tried to determine this Association's principal and im-

mediate task, and to do so I must first understand the need. I believe I have found the fundamental—the immediate need—that I have found our immediate and vitally necessary task. It is not I alone that have found it—many, many of you have contributed to these conclusions. Doubtless many of you knew all of these things long ago. But it is my privilege and my duty to voice them here, for whatever benefit they may contain. Then it is your duty here at this Convention to put into effect such measures as are right and profitable, rejecting all of those wrong or impracticable.

Out of my experience during the year, visiting as I did our credit men in nearly a hundred cities has come one conclusion standing out before all of the others. The average American merchant lacks definite credit policy, unless it be a policy to meet any competition however ruinous and to satisfy any and every demand of his buying public no matter how unprofitable. And he lacks policy because he knows little or nothing of the economics of retail credit, or if he does know the economics, because he must conform to the customs and practices of his fellow merchants who do not know. This condition contributes largely to the fact that the life of the average merchant in whatever line is less than eight years, while meantime the cost of doing business constantly mounts higher, the margin of profit grows constantly smaller, and the buying power of the public decreases.

Great stores generally do not lack policy—which is the larger factor in the fact that they are great—but great stores are the minority in our membership and this will be increasingly true. I say our average American merchants lack definite credit policies, economically correct. That they fail to know that point at which the profit ends and the loss begins. Further—I say the great loss from the extension of retail credit arises not from the deadbeat—not from the bankrupt—not from uncollectible accounts, but instead from expensive bookkeeping and from stenographic expense; from the salary of the collector or the commission to the collection agency; from interest on borrowed money with which to carry slow accounts and from loss of turnover.

If that is the condition of American retail credit granting, most needing remedy, then it is our business right now to go about that task and the answer, friends of this Convention, lies in *proving* to the retail merchant, that point at which the profit in a charge account ends and the loss begins, *plus* such organization as will through association and contact and discussion, develop co-operative elimination of unprofitable practices, and co-operative development of practice that is profitable.

The simple fact is that we have little or no reliable, authoritative information with which to solve the economics of retail credit. Even if you or I as individual credit men know or think we know them in our own institutions, we would be at sea if set down in a strange business. Meanwhile there is nothing impossible about this situation. Much harder problems have been solved by American business, and they have been solved by organization and community effort. So by organization and by community effort can we solve this problem.

The word "research" sounds forbidding to some—it suggests mouldy libraries or dusty museums—yet it is research we must have—research not only in the library—more in the office—right in your office and in mine. From them we must gather the facts that not individually but in the mass will solve the economics of retail credit. The facts that will prove to us and to our fellow merchant the point at which the profit ends and the loss begins. Then we must have organization so that you and I as merchants or as credit men will co-operatively discard unprofitable practice and develop practice that is profitable.

We cannot do it all this coming year, but we can make notable progress—and that is our immediate job.

Research cannot be conducted with success by mail alone. We must get right into the store and office and bank. First-hand we must get our facts, while respecting private confidence. We must use these facts for the collective good and never for individual harm. As a National Association we can do all of this—and no other organization or agency in America can or will do it.

Let us have, not a field secretary, but a Director of Research, to go into our stores and offices for this purpose. Let him assemble, digest, make usable, and useful, the material thus gathered. Let him arrange to keep his facts up-to-date by mail thereafter. Let us have a man so employed who can and will command the wholesome respect of any merchant. Let him be able to make creditable public appearance—and friends—that man as he goes about, even with little effort, will sell our National to every merchant he meets. No merchant and no credit man will for a moment be indifferent to the collective results of such a survey. One revelation, many times multiplied, will be the difference in results between the organized and the unorganized community, and local associations will spring up behind him—locals with life and with purpose—and we shall then have and maintain our rightful place in American business.

We have long wanted to develop concerted action along legislative lines. Such a man, always in the field, can de-

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## "Credit Sense"

(Continued from Page 14.)

so surely are we today in the midst of changing ours. There is no turning back. There is but one order, and that order is, "FORWARD, MARCH." Credit men and credit women, you are not in the ranks, but yours is the place at the head of the column. The Generals commanding modern business (the people) have given you their order, and upon you rests the responsibility of its successful execution.

There is a problem of mighty proportions confronting you, and upon your intelligent solution of this problem rests the future of the entire structure of modern business. Wars may be prevented, life and property preserved, famine and pestilence reduced, and the prosperity and happiness of your posterity forever assured.

Credit! Credit men! Credit sense! What are these new terms, and what is their office? Credit is our new medium of exchange, the result of the demands of a progressing generation. Credit men are the new specialists skilled in the art of handling this new medium of exchange, and in whose ability modern business has placed its trust. Credit Sense is the one word, the common term used to describe every tool employed by these specialists in the discharge of their duty.

It is wonderful to get a proper view of anything, isn't it? And now we can begin to understand what credit and credit sense are because we can see them as they are, separate, vital elements to every business transaction where only a promise to pay is given in exchange for articles of utility. Credit, working as the medium of exchange, and credit sense assisting the credit man as he labors to determine how, when and where best to use it.

The dawn of a new day has arrived in our progress. Railroads, steamships, telegraphs, telephones, automobiles, airplanes, radio and all other modern inventions, too numerous to mention but many equally as important as these, have combined to speed up transportation. Labor, farming, building and every other thing necessary to our present day methods and manner of living and business, likewise, have kept abreast of this rapidly advancing procession, and credit is its answer to the demands made upon it for a new and more flexible exchange medium.

With credit firmly established as the new medium of exchange and taking a part as it does in over eighty per cent of all business transactions, it is the duty of the credit man, the one entrusted with the supervision of credit,

to develop his credit sense to the highest possible extent, and he must seek every agency and every avenue open to him for that purpose.

Of all agencies, the one best equipped to assist the credit man in developing his credit sense is the Association of Credit Men, and it is wisdom on the part of a credit man to join an association and to regularly attend its meetings, for in the handling of credit there is no help for the credit man of more vital importance than that which he can procure by associating with other credit men. The true credit man, of himself, can find many ways of developing his sense for passing on credit, but it is well for him to listen carefully to every idea expressed by other credit men, and the natural and best place for him to meet other credit men is in his credit association.

In developing the art and science of credit in recent years, the rapid growth of the Associations of Credit Men is the one outstanding feature. The old idea of non-exchange of credit information is now a thing buried with the forgotten past, and any man trying to fill the position of a credit man today, who refuses or neglects to join the association in his city, and who does not lend to it his fullest support, and who overlooks a thing of such vital importance in his business as this interchange of credit information, is not a credit man at all. He is just another misplaced man in the office, still a plodding bookkeeper, with no conception of how important the thing is with which he is dealing, and he is not equipped or fit to pass on credits as we know and use them, today. Yes, I would go even farther than these statements, broad as they are, and say that such a man was an absolute menace in his community, for if he continues to deal out credit without proper knowledge or sufficient credit information, he will not only be robbing the Association in his city of the support it has a right to expect of him, but he will actually be lending his support to unworthy debtors, depreciating the value of credit, and, in time, by giving such men credit, will completely wreck the finances of his house. Credit Sense is the missing element in such a man, and Credit Sense demands that he identify himself, at the earliest possible moment, with the nearest Association he can find.

Every city large enough to claim the name, today, should have a credit association of its own, and this association should include all branches of the work. The members of the association should own and control the association, and

they should make all rules and regulations governing all its local activities. All local associations should be members in whole and not in part in the National Association, and I am firmly convinced that the only way to bring this about—and it should be done now without delay—is to pass resolutions at this convention, making membership in the National compulsory with membership in any local association affiliated with it. If this can be done—and I am going to ask the Resolutions Committee to give it serious consideration—, then we can pass this convention into history, three days hence, with a feeling that a thing of great enough importance had been accomplished to justify us for having held it.

Conventions are human events and should be progressive. Theirs is the business of developing new thoughts along the line of their special endeavor, and the thoughts I want to leave with you are the facts that we have accepted and are using credit as our new medium of exchange; and that you, as credit men and credit women, can best serve humanity by taking advantage of the wonderful opportunities offered you for the development and use of your Credit Sense. I thank you. (Applause.)

### A "Big" Director!

Edward J. Dollard, Secretary of the O'Connor-Moffett Company of San Francisco, who was elected a National Director at our Convention is a real man, mentally, morally and physically.

He stands "six-foot-three" in his stocking feet—was one of the organizers of the Retail Credit Men's Association of San Francisco and has been a member of the National Association since its birth. He is regarded by all who know him as "the soul of honor and the last word in all matters regarding retail credits."

### Credit and Collection Forms

Mr. G. C. Lawrence of Los Angeles has had the stupendous duty of gathering from every section of the country forms and printed matter on every subject pertaining to the Credit Department, Collection Department, and Seeking New Business via the credit route. In the exhibit of forms were thousands of new ideas and expressions that are successfully used in progressive business institutions. Days could be spent in inspecting this mammoth exhibit and a part of your "schooling" at any National Convention is in the well-prepared lessons you will find in the exhibit of forms.—*The Snoozer.*

## "New Wine—Old Bottles"

(Continued from Page 20.)

Most merchants are willing to pay you C.O.D. The reward is waiting for you, but you must, first, deliver the goods. If you wish to sell your services on the deferred payment plan, that is your own affair, but good credit men usually desire quick turnover.

The demand is for specialists, for those willing to pay the price, for men at the height of their profession. Recently, I told a number of merchants, in San Francisco, that the day would soon come—in fact, it is here—when they would demand the highest type of credit manager skill and training could give. They instinctively know this, but sometimes it pays to call it to their attention.

Many of our medium-sized and large stores have credit men who possess knowledge covering a wide field and whose ability is far above the average, but the merchant does not fully recognize this. The credit manager has been inadvertently overlooked when sales events have been planned, and drives made for thousands of accounts. Loose credit granting policies have been launched without consulting the credit manager, but this oversight is going to be corrected. The merchant, in his own interest, is going to consult more with his credit manager, and avail himself of the knowledge and experience he has so thoughtlessly shunned. And the legalizing of credit granting as a profession will do more for the merchant, the nation and the credit man, himself, than anything else connected with credit that I can think of at this moment.

The proper recognition of the credit manager will save the merchant many pitfalls, his slow collection turnover will be speeded up, because the credit manager will advise against the adoption of plans that produce slow collection turnover. The problem of returned merchandise will immediately become less formidable and the over-extension of credit will be curtailed. And why is this? Because the merchant is not a specialist in granting credit. The majority of merchants admit they know very little about it, and are glad to leave it to someone who is capable.

The problem of returned merchandise has an aspect to it that the merchant has not yet fully realized, and in large stores this aspect assumes large proportions. I refer to the sales shown on the monthly statement that are not really sales, and the profit that is not really profit, because twenty-five per cent of merchandise sold on credit comes back the following month, at least, this is true of shoe stores. Figure out what the income tax, alone, would be on this fic-

titious profit with a charge sales volume of a million dollars a month. Then think of commissions and other incidents on this merchandise that comes back.

And what about the banker? Will he be interested in making retail credit granting a profession? Indeed he will, he is watching retail credit with a very keen eye and the day will soon come when he will want to know the kind of credit manager the merchant has when the latter wants to make a loan. The banker is interested in the merchant's balance sheet and he will want to feel more sure of the asset tabulated "Accounts Receivable."

It will not be enough for him that the statement is signed by an accountant, whatever his standing may be. Please do not misunderstand me. I am not underrating the value of a statement signed by a professional accountant. I happen to know something about accounting myself, and I have great respect for accountants. They are a fine body of men. The point I do wish to make is, that, generally speaking accountants know very little about credit granting. Just a few days ago, I met one of the partners of an internationally known firm of accountants and, when discussing the question of credit granting he said, "Personally, I know very little about credit granting."

Not long ago, a merchant in a certain city of California failed in business, he had on his books accounts receivable to the value of twenty thousand dollars, and he said to a credit manager friend of mine, "I don't believe I shall realize more than five cents on a dollar from these accounts." A good credit manager would have been a godsend to that man.

Many office managers and controllers have only a very superficial knowledge of credit. They have a certain theoretical conception of credit granting, but no actual experience. They haven't the skill. This is not a reflection on these worthy gentlemen—I come under that classification myself—I am merely giving a statement of fact, and supplying another reason why the credit manager will receive recognition in the fulness of time.

The statement I am now going to make is made with the utmost sincerity and with all the power at my command. My controller friends, who are present, must please remember that rule of etiquette which states, "Present company is always excluded" when I say that many office managers and controllers are BACK SEAT DRIVERS. If you have a good credit manager in charge of your credit machine, then, in the name of

common sense, in the name of good business, in the name of all that makes for efficiency, SHUT UP! Your constant interference bothers the driver, reveals your lack of confidence, displays your inability as an executive, and unfits you for the position you hold. If you haven't confidence in your credit manager—fire him! Good business demands it.

This is a scientific age—an age that demands in business all that skill and training can give—skillful merchandising; skillful accounting, controlling, advertising and skillful credit granting are prerequisites of modern business. And who knows more about credit granting than the credit manager? Who possesses more skill in the science and art than he? He is master in his field, and as such his counsel will be sought, his knowledge respected and his presence demanded on the executive board.

This is the spirit—the new wine that shall gladden the heart of the credit man—and shall bring joy to the merchant and banker, but it must find a new container. You cannot put this new wine into old bottles, or else the bottles will burst. You need a new bottle, a new container and I know of none better than the one I have labeled—*Retail Credit Granting a Legalized Profession!* (Applause)

### Los Angeles—"As Advertised!"

"As advertised."

We could dispose very easily of expressing approval of the manner in which the Retail Merchants' Credit Association of Los Angeles, the hosts of the current convention, have handled the annual gathering from start to finish. But while those two words speak worlds, we feel they aren't sufficient. In fact, our gratitude for the lovely and smooth-running convention we have had could not be described in any number of words.

Los Angeles, like the rest of California, is a very heavily exploited place. When we were told of the beautiful buildings, the wonderful climate, the marvelous sights, the good times to be had, we'll confess to a certain amount of skepticism.

We apologize and give our thanks herewith. Everything has been "as advertised."—*The Snoozer.*

### Collect Your Delinquent Accounts

From all parts of the country come enthusiastic reports of the effectiveness of the Association's 4-point Collections System.

Here is a system, backed by the power of the National Association, that gets results and the cost is only \$10.00, only a third of the price usually asked for private systems. Read full description page 1, this issue.



## "Relation of Volume of Accounts Receivable to Available Capital"

(Continued from Page 22.)

Suppose a business is doing an average daily sales volume of two thousand dollars and the average total receivables was one hundred thousand dollars. This sum is the amount of average daily business done in fifty days. Now, if we can improve our turnover of receivables to show outstanding accounts receivable of forty days of average sales, and if the capital thus released is used in reducing liabilities, it will reduce the total amount of outstandings to eighty thousand dollars. Figured at six per cent, this would mean a saving in interest on borrowed capital of twelve hundred dollars a year. This saving is added net profit on the investments which the business would otherwise be paying out as interest on borrowed capital.

In Arthur Lazarus' "Vital Department Store Statistics" we find this indubitable truth expressed—"Department stores are comparatively gentle in their work of collections. They do not like to press customers, particularly if these customers are of long standing. The department store owners feel it is only a matter of interest lost, and they would rather bear this loss than to dun their customers. If wholesaling, for example, were conducted on just such easy going principles the wholesaler would fail. As a matter of fact, more than the interest charges are at stake. It is a decided advantage to the department store owners if they can reduce, as far as possible, their borrowings from the bank, even if it does nothing more than release capital to be used for future purchases."

We know department store collection percentages vary from forty to sixty-five per cent and as high as seventy-four per cent for the specialty house. That is a condition that should not exist—why shouldn't a department store collect seventy-four per cent, or even eighty or eighty-five per cent? Isn't it because, as Mr. Lazarus says, "Department stores are comparatively gentle in their work of collection?" Why should they be? When I request a thirty day account at a store, why should I take sixty or ninety days to discharge my part of the contract? I shouldn't, but I do, and we all know the reason.

It resolves itself into a matter of education and that education must emanate from the credit man. But it is not the customer we must educate, but the merchant himself, and not individually, but collectively. It does no good if Mr. Jones closes my account because I take

more time than I honorably agree to, if I can walk across the street to Mr. Smith and practically dictate my own terms.

We, in Detroit, the past year or so endeavored to establish an absolutely uniform collection period, but it never came out of the cocoon, it is still resting in its embryonic state. Jones and Smith will agree but Mr. Ketchum will not. It is like the Saturday closing, some will close all day Saturday, others Saturday afternoon, others at four or five o'clock, while others suggest opening all day Sunday. These latter do not sell merchandise, they sell credit terms—with a free turkey thrown in, once in a while, for good measure.

We must educate the merchant first—the customer will be child's play afterwards, and here, in my opinion, is a tremendous job for the National Association, through the locals, and directly as well. It is an opportunity for our National to literally put itself on the map in a big way. Just stop and ponder a moment on the example we gave in saving twelve hundred dollars a year on receivables of a hundred thousand dollars, and suppose seventy-five per cent of the merchants in the country succeeded in turning their accounts as was shown in this specific case. Would not the saving be tremendous? And are we not, as credit men, egotistical enough to believe we can increase our turnovers if the proprietor would give us carte blanche?

And further, suppose that this increase in turnovers was directly traceable to an educational campaign of our National Association. Think of what that would mean to us. Consider the esteem the merchants would have for the National if we could hold up such tangible results and accomplishments which would be embodied in a program of this nature. How many legitimate—I use the word advisedly and in a broad sense—wholesalers will sell merchants again and again if they pay their bills at leisure?

The retail charge account should be used freely, not abused ad libitum, for Polonius' advice to Laertes, in Hamlet, "Neither a borrower nor a lender be" is passé. It might have been sound in the Fifteenth Century, when they did everything but chop your head off for being a bad debtor, but not in the day of this glorious civilization. We have a few on our books, (and you all have them) whose heads I would like to guillotine. (Laughter.)

When we credit men turn over our receivables, as we should, keeping them liquid, there should be no worry as to the relation between the outstanding amount and available capital. It is a treacherous channel through which we must steer, driving away business on one side and losing money on bad accounts on the other.

A constant vigilance must be exercised together with exceedingly keen and seasoned judgment. No matter how much progressive manufacturers improve old and invent new mechanical contrivances to help us in our work, they merely supplement personal ability and experience. They can never supplant them. It is the successful discharge of such duties that has made the credit man a factor with which to reckon, instead of a nonentity.

Let us continue our march of progress to the pinnacle of highest achievement by constructive programs based on sound logic and successfully executed. Remember, it is not quantity that will make our National Association an indispensable factor in the mercantile world, but quality of the members, individually and collectively.

If I have given you, ladies and gentlemen, a single thought worthy of your consideration, I feel well repaid for any efforts on my part, and I wish to thank you for your courteous consideration. (Applause.)

### Portland and Seattle Entertain Convention Delegates

About two hundred Convention delegates enjoyed the hospitality of our brothers in Portland and Seattle on the return trip from the Convention. In Portland they were met at the train and after luncheon at the Chamber of Commerce taken for a hundred-mile drive along Columbia River Highway, one of the most beautiful scenic highways in the country.

At Seattle, the delegates were met at the train and taken to hotels as they were all tired out from the strenuous trip. They were allowed to do as they pleased during the morning. In the afternoon the Local Association conducted a drive about the city which ended with a delightful dinner.

### Yokels' Club

Included in the national membership of this wonderful club are now nine members of the Oklahoma City Delegation. Their initiation into this club was due to the fact that nine out of the thirteen delegates missed the train at Oklahoma City on the night of the 4th.

P. S. Qualification for membership is limited to rank and deliberate boneheads.—*The Snoozer*.

## Report of Retiring President

(Continued from Page 28.)

velop community of action, within the community and between communities. Actual legislative accomplishment will be within our reach for the very first time in our Association's history. In his travels about he will learn the accomplishments and methods of all of our locals, and he can carry them one to another most profitably.

The merchant will develop definite credit policies, economically correct because he will know what pays and what does not pay. He will ultimately recognize his credit department as a producing department—not as a necessary evil. He will demand a real credit man, and then will help professionalize him. His overhead will be somewhat reduced; he will have more profit, and he will serve his community better.

I recommend that a Director of Research be employed, to measure up as nearly as possible to the standard herein set forth; that the bulk of the membership work be subordinated to research, but that the Director of Research continually seize every opportunity to develop and increase our membership.

There exists today no financial obstacle to the carrying out of this program. One man cannot do all the work needed but one is enough this coming year, until the work is organized and our resources are greater.

Now one more plea, and one more recommendation—then all is in the hands of you men and women who are gathered here.

I plead today for a definite Association policy and for a continuing program of Association work. For years it has seemed to me that each administration was forced to not merely execute but to initiate as well. That the Association as such did not from year to year, lay out its wishes, and demand of its officers the execution of them. To a certain extent this is, of course, inevitable, but too much of it results in loss of time and of efficiency.

The new President each year, with the Managing Director and the Executive Committee, does his best to interpret the opinion of the Convention and of the Board—but usually there is no definite expression with which to start. And our National is made up of local units, without interlock machinery for accomplishment. By the time your President has formulated his activities for the year, and sold his policies to the membership through such scant opportunity as exists, meanwhile earning his living in the usual way—by this time his term is half over or more, and he has little remaining time for real accomplishment, before arrangement of the Con-

vention occupies him; then he gives place to another, who likewise begins anew.

I recommend that this Convention on Friday of this week, discuss the problems of activity before the Association, and so far as is practical, that this Convention lay out a policy from which a program may be developed perhaps requiring several years to complete; and I recommend that a National Association Committee be appointed in every affiliated local that may attend locally to the carrying out of the National's program.

I sincerely trust that in this report you may find some bit of worthy wisdom—something of practical suggestion for the Association good—which means the profit of the retail merchants and the profit of the buying public of all America. If you do, I am amply—yes, richly—repaid for fourteen months' service as conscientious as I am capable of.

I thank you for the honor of the year. For the opportunity to study as well as to execute; and for the richer opportunity to make of you all my personal friends, than which I can think of no greater privilege.

### The Need of Publicity

F. E. Parker, Bureau Manager of Detroit, is endeavoring to present to his fellow credit Bureau Managers the idea that we are a bunch of shrinking violets. Parker wants to know why it is that other organizations, some of national credit reputation and others of alleged credit reputation, obtain a large amount of publicity, some possibly earned but the major portion unearned and without news value. It appears to the Snoozer that each and every local Organization should see to it that proper publicity appears from time to time in the respective community papers. News items of immense value to the reading public can be written almost daily while feature stories pertaining to credits and collections will be sought after by the newspapers if but a hint was given local editors. Considerable publicity has appeared pertaining to the National Association but it might be well for the National Organizations to appoint some member of the staff to see to it that press agent data is gathered and properly distributed. There is no question but what credit men and women in local communities can mold public opinion along right thinking lines pertaining to credits and the prompt payment of accounts. Where the newspapers are not used for publicity purposes the credits and collection situation is not as satisfactory as in communities where a close co-operation exists between the credit grantors and the press.—*The Snoozer.*

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